

087080

JPRS-CRF-86-003

5 February 1986

# China Report

RED FLAG

No. 24, 16 December 1985

DTIC QUALITY INSPECTED 4

19980225 182

**FBIS** FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

DISTRIBUTION STATEMENT A

Approved for public release;  
Distribution Unlimited

10  
99  
A05

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

5 February 1986

## CHINA REPORT

### RED FLAG

No 24, 16 December 1985

Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

### CONTENTS

Have a Good Grasp of Theoretical Weapons (p 2).....	1
Eight Requirements for CPC Membership (March 1951) (pp 3-4) (Liu Shaoqi).....	3
Strengthen Leadership and Do a Better Job in Importing Technology (pp 4-9) (Zhang Aiping).....	6
The Whole Party Should Attach Importance to the Study of Marxist Theory (pp 10-15) (Commentator).....	16
Some Questions in Current Literary Work (pp 16-19) (Wang Meng).....	25
Speed Up Technological Transformation, Rejuvenate Old Industrial Bases (pp 20-24) (Li Buixian).....	32
Explorations in and Contributions to Building Socialist China-- The Ideological and Theoretical Characteristics of Volume 2 of the 'Selected Works of Liu Shaoqi' (pp 25-31) (Liu Chongwen).....	42
Cities in Charge of County Administration Should Strengthen Leadership Over Rural Work (pp 31-32) (Jing Ping).....	54

Turning Out High-Quality Products Is the Bounden Duty of Enterprises--A Review of the Changzhou Diesel Engine Plant Improving Product Quality (pp 33-36) (Chen Xiaomei).....	57
Let Ideals Strike Roots in Practical Soil--The Rise of Gongqing City and Its Enlightenment for Us (pp 37-40) (Gan Xuan).....	65
Three Questions on Seeking Truth From Facts (p 41) (Cao Meng).....	72
News Abounds in Small Towns--Reading 'On the Fengjing Road,' a Medium-Length Novel by Chao Qing (p 42) (Yan Gang).....	74
Table of Contents of Issues No 13-24, 1985 (pp 43-48).....	77
Learn Leadership Science, Improve Leadership Arts--Reviewing 'Fundamentals of Leadership Science' (inside back cover) (Dun Zhanmin).....	94

## HAVE A GOOD GRASP OF THEORETICAL WEAPONS

Beijing RED FLAG in Chinese No 24, 16 Dec 85 p 2

["Forum"]

[Text] In his speech made at the National Conference of Party Delegates, Comrade Deng Xiaoping put forward a new task to new and veteran cadres, that is, to study Marxist theory. Comrade Deng Xiaoping's instruction is of great and far-reaching significance. It actually answers the following question: Is Marxist theory outdated and no longer effective? In carrying out the modernization program, do we have to seriously study Marxist theory just like we did during the revolutionary period in the past? As some comrades did not have a clear understanding of this question, a number of localities neglected to a certain extent the study of Marxist theory. These comrades do not know that the remarkable successes achieved on all fronts in the 7 years since the 3d Plenary Session of the 11th CPC Central Committee are the result of our party setting things to right, reestablishing the ideological line of seeking truth from facts, adhering to Marxist dialectical materialism and historical materialism, and solving many new problems concerning the building of socialism in China by creatively applying the basic tenets of Marxism. The successes achieved in reform and the building of the four modernizations are the outcome of integrating the universal truth of Marxism with China's actual reality. Marxist theory is the scientific world outlook and methodology. Earnestly studying Marxist theory and having a good grasp of its stand, viewpoints, and methods can enhance our faith in the socialist cause and communist ideals, strengthen our ability to see through the essence of things, solve problems, and exercise leadership, and increase our ability to resist erroneous ideas. When making comments, some people see only the surface of matters. This is because they do not have a solid theoretical foundation. Without theory, our work would be done blindly. We would have no future or even lose our bearings. Therefore, no matter how busy CPC committees at all levels are, they should pay attention to cadres' theoretical study, which is now a weak link but also a question of strategic importance.

In order to have a good grasp of Marxist theory, we must apply the method of Marxism, that is, integrating theory with practice. We must learn to apply the basic principles and methods of Marxism to solve new and practical problems and not try to recite the words from the books of Marx and Lenin or mechanically copy them for the sake of sitting for examinations and

obtaining certificates. Dogmatism and pragmatism caused great harm to our revolution and construction in the past. We must never repeat the same mistake. While in Yanan and during the initial postliberation period, our party attached great importance to conducting education in Marxist theory, current affairs, and policies among cadres. As the method was correct, we achieved marked results. However, the fine tradition waned during the late 1950's. Now we must resume and carry forward this fine tradition. In connection with the major events in the party's history since the founding of the PRC and particularly the major policy decisions formulated since the 3d Plenary Session of the 11th CPC Central Committee, leading cadres should take the lead in studying Marxist theory and get a clear understanding of some fundamental questions, such as: Why do we say that practice is the norm of truth? To observe and solve social problems, why should we proceed from practice and apply dialectical methods instead of proceeding from principles or wishes and applying metaphysical methods? Why do we say that the essential task of socialism is to develop the forces of production? Why is it necessary to carry out reform and to implement the policy of opening to the outside world and enlivening the domestic economy? Why is it necessary to strengthen the building of socialist spiritual civilization? Only by studying in such a manner can we increase our ability to implement the policies and have the overall situation under control.

Marxist theory is the weapon for transforming the objective world as well as the subjective world. The transformation of the subjective world includes transforming and increasing our cognitive ability, eliminating the influence of all exploiting classes, and strengthening the sense of proletarian party spirit. It is a basic viewpoint of Marxism to build a party serving the interests of the people wholeheartedly, which is diametrically opposed to abusing power for personal gains and "putting money above everything." After grasping Marxist theory, we must attain a lofty realm of thought and get rid of vulgar interests. Theoretical cultivation should be identical with moral cultivation. If our work style is not yet straightened out, how can it be regarded as the result of the study? The practice of talking volubly rather than doing practical work should not be taken as an example. It is against Marxism to deviate theory from practice and to fail to match one's deeds with one's words.

/6091

CSO: 4004/28

## EIGHT REQUIREMENTS FOR CPC MEMBERSHIP (MARCH 1951)

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 3-4

[Article by Liu Shaoqi]

[Text] 1. The CPC is a party of the Chinese working class and is also the advanced part of the working class. The Chinese revolution was led by the working class in the past, and will continue to need the leadership of the working class even more in the future. The working class will develop in the future and will become the majority in our country's population. Peasants will become workers after they use machines for plowing. Eventually, the entire Chinese people will become workers. (Our party has always relied on the proletariat and semiproletariat.) All our party members must admit this point.

2. The final aim of the CPC is to realize the communist system in China. At present the CPC is fighting to consolidate the new democracy system. In the future, the CPC will be fighting for the transformation to the socialist system. And finally, the CPC will fight for the realization of the communist system. (The main points concerning the new democracy system, socialist system, and communist system are to be explained in a separate article. The new democracy revolution, generally speaking, does not destroy the system of private ownership, whereas the socialist revolution will first destroy the system of private ownership in industry and then destroy the system of private ownership in agriculture. When organizing collective farms in rural areas, we can only depend on the working class and the poor peasants and farm laborers, not the ordinary peasants. We can only unite the peasants.) All the party members must be determined to fight continuously for the realization of these goals of our party.

3. So, if one wants to become a CPC member, one must carry out the revolutionary struggle all of one's life. If one stops fighting while the revolutionary struggle is in progress, one can no longer be a party member. This kind of revolutionary struggle consists of political, economic, and ideological struggles, and it also requires us to carry out armed struggle against the armed intervention of imperialism. (However, this does not mean that we must be soldiers for all our lives.)

4. All CPC members must carry out revolutionary struggle under the unified leadership of the party. So all party members must carry out the policies and resolutions of the party, actively take part in the revolutionary movements led by the party, strictly observe the party's discipline, and struggle against all phenomena, inside and outside the party, which are harmful to the interests of the party; otherwise they cannot be CPC members.

5. All party members must first consider the public interests of the broad masses of the people and the interests of the party rather than their private interests. Those who are selfish and unwilling to sacrifice themselves for the people cannot be party members. (The mutual aid teams, mutual aid associations, and cooperatives in the rural areas are one of the forms of the socialist economy and belong to semisocialism. To dare to sacrifice one's own interests and work hard for the cooperatives is socialism. The production emulation drive among the state-owned factories belongs to socialism, too.)

6. In revolutionary struggle, all the party members must be courageous and resolute, must not flinch from any serious or difficult environment, must never surrender themselves to the enemy, and must never betray the party and communism; otherwise they cannot be party members.

(Explanatory note: When the eight requirements for party membership were written into "The Resolution on Rectifying the Grass-Roots Party Organizations" passed by the first National Conference on CPC Organization Work, the contents of this item were written into item No 3 of the resolution. The contents of item No 3 of the resolution are: "Every party member must be determined to bravely carry out revolutionary struggle for all his life, must not flinch under any circumstances, must not betray the party, and must not surrender himself to the enemy. If a party member stops fighting while the revolutionary struggle is still in progress, he can no longer be a party member." The contents of item No 6 of the resolution were changed to: "Every party member should often examine the mistakes and shortcomings in his own work through criticism and self-criticism and correct them in time. If a party member has made serious mistakes but is still unwilling to correct them, still wants to claim credit for himself, continues to be arrogant and self-important, and still sticks to his mistakes, he cannot be a party member.")

7. All party members must serve the people, help to establish a good relationship between the party and the people, do one more piece of social service work assigned by the party organizations or party branches. Those failing to do this cannot be party members.

8. In order to meet the above-mentioned requirements, all the party members must study hard so as to know more about Marxism, Leninism, Mao Zedong Thought and raise their own consciousness. One who does not study hard cannot become a good party member.

(This manuscript is part of the report outline that was prepared for the first National Conference on CPC Organization Work. On 28 March, Liu Shaoqi

made the report at the conference. After being rearranged and revised, these eight requirements mentioned in his report were later written into "The Resolution on Rectifying the Grass-Roots Party Organizations" passed by the conference.)

/6091

CSO: 4004/29

## STRENGTHEN LEADERSHIP AND DO A BETTER JOB IN IMPORTING TECHNOLOGY

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 4-9

[Article by Zhang Aiping [1728 1947 5493]]

[Text] Introducing technology from abroad is an important component of China's policy of opening up to the world. It is also an important strategic measure for promoting technological progress and economic development and speeding up socialist modernization. Over the past few years, China has made fast progress, achieved good results, and accumulated beneficial experiences in introducing foreign technology. This must be fully affirmed. But it still lags behind the needs for socialist modernization and there are still some problems in our work which we must seriously study and correct.

### The Purpose of Introducing Foreign Technology

Introducing advanced foreign technology occupies an important position in implementing the policy of opening up to the world and carrying out economic and technological exchanges with foreign countries, including import and export trade, using foreign capital, carrying out international economic and technological cooperation, and making good use of foreign exchange. Introducing foreign technology refers to introducing specialized foreign technology, materials, information, and drawings. It also refers to introducing hardware such as some necessary products, equipment, and production lines. Why should we introduce foreign technology?

From the history of world economic and technological development, we know that introducing foreign technology is an objective need for economic, scientific, and technological development. The "Communist Party Manifesto" points out that capitalist development "has brought about the exploration of the world market and given a cosmopolitan character to production and consumption in all countries.... The old local and national seclusion and self-sufficiency have been replaced by mutual contacts in every direction and universal interdependence." ("Selected Works of Marx and Engels," Vol 2, pp 254-255) Due to faster economic, scientific, and technological development, international economic and technological relationships have now become closer in spite of the complicated problems in international relationships. Facts have proved that national seclusion cannot bring about modernization. Expanding international economic and technological cooperation and exchanges

so as to speed up the economic, scientific, and technological development of one's own country has become the trend of the era. Therefore, the method of introducing foreign technology has become popular throughout the world, as it is an effective method to promote the economic, scientific, and technological development of a country.

Today the waves of the new world technological revolution are strongly pounding the economic structures of various countries and the old setup of the international market, thus bringing about profound changes in international production, exchanges, consumption, and social life. In international exchanges, the percentages of technological, informational, and intellectual exchanges have gradually increased and are playing a greater role. Any country, no matter how solid its scientific and technological basis is, has superiorities and inferiorities. It is unrealistic for a country to solve all its scientific and technological problems by solely relying on its own efforts, as it is impossible for it to play a leading role in all aspects of scientific and technological fields. So, introducing some advanced foreign technological projects to fill in the gaps in the scientific and technological fields, to avoid detours, and to gain a favorable position in international competition has become an indispensable link in the economic development and technological progress of various countries in the world.

China's experiences, both positive and negative, in its economic construction over the past 30 years have proved the necessity of introducing foreign technology. In socialist construction, we are faced with the urgent tasks of fully using our material and technological bases, of bringing into full play the role of our science and technology, of studying, designing, and forming a science and technology contingent, and of improving our scientific and technological level. In addition, we should have broader perception, strengthen economic and technological cooperation and exchanges with foreign countries, and try every possible means to introduce advanced foreign technology to our "four modernizations" drive so as to lay a firmer foundation for our economic and technological development and to narrow the technological gap between our country and developed countries in the shortest possible time. It will not do to treat this as an ordinary matter. We must fully understand its urgency and regard it as an important strategic principle in the course of implementing the policy of opening up to the world.

However, introducing advanced foreign technology is not just our purpose, but is a means to improve our technological level and production capacity. Our purpose is to improve our ability to carry out self-reliance and to speed up our economic and technological development. Whether or not we can make this come true is the touchstone for testing the quality of our work in introducing foreign technology.

On the whole, our work of introducing foreign technology has effectively promoted the "four modernizations" drive. However, there are still various problems in this work.

A tendency has emerged in the course of breaking away from national seclusion. In some comrades' opinion, it seems that everything foreign is good. They only think of reaping without sowing and of immediate interests regardless of the overall interests. They introduce foreign technology without serious consideration. As a result, foreign equipment which we can manufacture through our efforts after studying it is also imported, causing serious losses to the state and having a bad influence in the world. What merits particular attention is that some comrades still turn a deaf ear to the repeated instructions of the CPC Central Committee. A similar situation can be found in our propaganda work. Comrades in charge of propaganda work have laid too much emphasis on imported equipment and production lines and on the advanced or good quality products produced by imported equipment and production lines. They have not paid enough attention to propagating the good products we have manufactured through our own efforts.

Relying solely on introducing foreign technology without paying attention to improving our ability to explore and create new things has caused a waste of foreign exchange, apart from hampering us from making rapid progress in science and technology. Furthermore, it is not beneficial to the development of national industry. Science and technology develops rapidly, and the transfer of advanced technology involves sharp military and economic competition between different countries and countries of different social systems. Obstacles and limitations are expected in the course of technological transfer. Foreign countries will not lightly transfer their first-rate products or technology to us. If we entirely rely on foreign countries and trail behind them, it will not take long before we buy advanced foreign equipment at high prices to replace the equipment which we bought previously and which is becoming outmoded. In such cases, not only will we not be able to speed up our economic, scientific, and technological development, but it is also impossible to free ourselves from the passive position of relying on and being controlled by foreign countries. Some Asian, African, and Latin American countries have learned bitter lessons in this respect. We must on no account follow the same road.

The Crux Lies in Assimilating and Absorbing Foreign Technology and Exploring and Creating New Things

The crux of developing our economy and improving our exploitative ability lies in assimilating and absorbing foreign technology and exploring and creating new things.

The assimilation and absorption of foreign technology and the exploration and creation of new things have direct bearings on whether good results can be achieved in introducing foreign technology. Therefore, this should be placed in an important position. Japan and the FRG have acquired high economic growth rates because they have concentrated their efforts on assimilating and improving imported foreign technology rather than on importing foreign technology. As a specialist of the Stanford advisory institute of the United States said: The most important thing is to turn the introduction of foreign technology into a "multiplier" enlightening one's imagination, arousing one's innovative spirit, and enabling one to draw inferences about

other cases from one instance and to get twice the results with half the effort. This viewpoint has been insight.

Introducing foreign technology and assimilating foreign technology are like two links in a chain. Only by closely combining these two links can advanced foreign technology be effectively transferred for domestic use. Comrade Zhao Ziyang has pointed out on many occasions: "It is necessary to do a good job in assimilating, absorbing, and popularizing imported foreign technology." "Do not merely import foreign technology without assimilating and popularizing it." We talk about assimilating foreign technology in regard to assembling, using, and operating equipment. As we understand, being able to assemble, use, and operate certain products and equipment does not mean that we have assimilated and absorbed the technology contained in these products and equipment. For example, you can use a television set and operate a calculator, but this does not mean that you have mastered the relevant electronics technology. Assimilation and absorption is a part of the technology of products and equipment. We should use as many products and as much equipment in one category as possible to study design principles, structures, functions, manufacturing skills, materials, packaging, uses, and production rates. In this way, we will be able to make a reliable qualitative and quantitative analysis of the products and equipment we have imported and to master the relevant technical know-how systematically, accurately, and in an overall manner. Here we refer to the assimilation and absorption of hardware technology. As for the assimilation and absorption of software technology, it is usually connected with that of hardware technology. The study and mastery of software technology is more complicated, more difficult, and more important than that of hardware technology and therefore requires a larger investment of technological strength and better equipment.

The significance of assimilating and absorbing foreign technology and exploring and creating new things is this: First, it is not simply a matter of assembling, using, or operating equipment, nor does it merely involve imitating, drawing, and copying. We must know not only the how but also the why of the technology we have imported. Otherwise we will not be able to achieve the expected results in the work of introducing foreign technology. Second, a technology exporting country transfers to other countries only the advanced technology which has been materialized in products and equipment or the parts of the manufacturing technology which are difficult to keep secret, retaining the secret parts of the technology exported. If we do not make efforts to explore the secret parts retained by the technology exporting country, we will still be unable to gain mastery of the technology we have imported, although we may possibly get the patent for it. As a result, our products will lose their competitiveness and we will always lag behind, and catching up with the advanced world level will remain empty talk. Third, a contract for international technological transfer usually provides the terms and conditions on the exchange of information about technological improvement. The contract requires the technology importing side to make valuable suggestions to the technology exporting side on improving and developing the technology imported, or the former is required to use the results from innovating the technology imported as compensation for the technology imported. In this case, the technology importing side must

assimilate and absorb the technology imported and explore and create new things.

On the whole, we have not paid full attention to the work of assimilating and absorbing foreign technology. The reasons are that some practical problems and problems concerning the relevant policies still remain unsettled and that erroneous ideas have not been stamped out. Such being the case, I am of the opinion that it is necessary to do a good job in the following aspects:

1. We should select and introduced advanced foreign technology which can be quickly assimilated and absorbed. Basing ourselves on our science, technology, resources, and managerial level, we should comprehensively consider how advanced the technology is that we import, whether it is suitable for our country, and whether it is economical in its use. I said in the past that the technology we introduce should be advanced, should be able to produce quick results, and should have reasonable prices. The reasons we should stress the necessity of introducing suitable foreign technology are as follows: First, there are large gaps between our technology and the technology of economically developed countries. They are not willing to transfer to us their latest and most advanced technology, whereas we do not want the worst. What they are willing to transfer must be that which is acceptable to us. Second, we have not laid a good foundation for the science and technology we currently have. Even if we could import all of the most advanced technology from foreign countries, it would be very difficult for us to assimilate and absorb it. Third, the technological and economic results of importing foreign technology are directly and closely connected with the assimilation and absorption of the imported technology. Generally speaking, the narrower the gap between the imported technology and the technology we currently have, the easier the assimilation and absorption and the greater the results. By suitable technology, we mean that the level of this technology must be higher than that of the advanced technology China currently has. Selecting and introducing suitable foreign technology is a very complicated problem which requires us to promptly obtain the relevant information and material, to catch up with trends in scientific and technological development, to carry out profound feasibility research, and to make an analysis of various plans. We should make our best choices on this basis and should not adopt the method of "buying old cows from the other side of the mountain." We should shift our work gradually to developing the national economy and key technology. In particular, we should introduce software technology apart from some necessary prototype machinery. In the course of introducing suitable foreign technology, we should also import some newly emerging technology for our long-term development. However, we should strictly prevent ourselves from importing unsuitable foreign technology.

2. The reports on the feasibility research into major imported technological projects should be focused on their assimilation and absorption. In principle, priority for introducing foreign technology should be given to departments and units which have a strong ability to assimilate and absorb it and to explore and create new things. Responsible departments and units, in line with the overall plan for introducing foreign technology, should work

out detailed measures for assimilating and absorbing major technological projects imported from abroad. Inviting bids is a good method for promoting the implementation of such measures. It should be popularized. The problem of funds for assimilating and absorbing foreign technology and creating new things should be solved by the departments and units concerned in light of specific conditions. Favorable conditions should be created for enterprises in arousing the interest of research organs, design departments, and higher learning institutions in fulfilling the tasks of assimilation and absorption.

3. We should closely combine the assimilation and absorption of foreign technology with the exploration and creation of new things. In particular, we should encourage and organize units introducing foreign technology to cooperate with research organs, design departments, and higher learning institutions in tackling difficult problems.

One important aspect in carrying out technological system reform is to change the situation in which research organs are separate from enterprises, in order to bring an end to the separation between research, design, education, and production, to promote cooperation between various scientific and technological forces, to improve the ability of enterprises (in particular, large key enterprises), to absorb and explore new technology, and to speed up the transformation of technological results into a productive force. The separation of the assimilation and absorption of foreign technology from the exploration and creation of new things in China is serious. Some of the units which introduce foreign technology only consider their partial and immediate interests, pay attention to improving their production capacity, and are satisfied with mechanically copying what is imported, thus putting aside the work of exploring and creating new things. Many research organs have conducted profound research for several years into the technological projects imported by enterprises and have achieved good results in this respect. But the results cannot be put to use due to various limitations. As a result, introducing foreign technology is separate from technological research. In addition, we should also be aware that some research organs belittle the work of assimilating and absorbing foreign technology, thinking that this "does not count for" technological research. In terms of policy, many awards are given to technical innovations and inventions, but personnel engaged in the research on the assimilation and absorption of foreign technology receive very few or no awards. Some leaders of enterprises say that research units, research institutes in particular, should not ask enterprises for a single cent when helping them assimilate and absorb foreign technology, as they are duty-bound to help them. Others refuse to put into effect the compensatory contracts they have signed with research units for assimilating and absorbing foreign technology. All this has affected the results of cooperation between the two sides and dampened the initiative of research personnel. Without proper settlement of this problem, it will be impossible to ensure the assimilation and absorption of foreign technology.

Therefore, we should attach particular importance to the cooperation and integration between enterprises and research units, work out relevant policies, and encourage enterprises and research units to shoulder the work

of assimilating and absorbing foreign technology. Departments in charge of scientific and technological work and research units should list this in their research plans and take it as an important component of their work. They should attach equal importance to the results of assimilating and absorbing foreign technology and the results of other technological research and should provide support in terms of funds, management, and the awards system. Units introducing foreign technology should take the initiative in obtaining assistance from research units and in providing them with the necessary conditions for research, in order to transform the results of technological research into productive forces. We should also understand that in spite of our efforts, problems will sometimes occur in the relationships between introducing foreign technology, exploration of new things, and production. For this reason, we should adopt limited, appropriate measures to protect, support, and promote domestic technological research work and production.

4. We should strengthen independent scientific and technological research, in particular the work of technological exploration. This is an important condition and the only way to improve our ability to explore, to assimilate and absorb foreign technology, to promote the substitution of the new for the old, and to catch up with advanced world level. In equal international technological exchange, it is provided that the independently created technology of a country can be equally exchanged for the patent to the technology of another country, the knowledge concerning this technology, and the information and material about the technology under study and experimentation. Without the latest results of independent technological research, we will find it difficult to introduce the latest and most advanced technology of foreign countries.

Independent scientific and technological research can be carried out in the following two steps: The first step is to make an analytical study of the functions, materials, and craftsmanship of key foreign technology which "strangles" us. Some people call this an "inverse-seeking" method. On the basis of inverse-seeking, our imitation will develop into the creation of new things. The second step is to carry out independent technological research, to popularize our samples throughout the country, and to make improvements in the course of popularization.

The national defense technology departments started earlier than other departments in the work of assimilating and absorbing imported foreign technology, and their independent scientific and technological research has been carried out in a more profound manner than in other departments. In the past, apart from high production costs, another reason technological improvement of civilian products was slow was the lack of independent technological research. It is true that scientific and technological research requires much money, but once the results of this research are turned into productive forces, high economic results will be achieved. This reflects the dialectical, harmonious relationship between technological research and its results. We concentrate our main efforts on developing the national economy; in the meantime, we should also pay attention to the research on weaponry and import some technological projects required by our military

industry and national defense construction. Our national defense technological industry is rich in materials and technology. It can develop and produce technologically advanced civilian products in the course of manufacturing weaponry. Such cases can also be found in other countries. Some people say that the reason our economic development has been slow is that we have spent too much effort on the construction of our national defense and military industry and on the research into national defense technology. This is not an overall viewpoint. Historically, a war necessitated the development of science and technology and the research on weapons, which were later expanded and shifted to the civilian field. There are many such examples in ancient and modern times in China and elsewhere. Although the development of our national defense technology is fast, it still lags behind that of developed countries. Therefore we must make persistent efforts to develop more advanced weaponry. In this way, not only can we take precautions against war and vanquish the enemy when war breaks out, but we can also promote the development of the national economy. Of course, problems will arise if the development of the two is out of balance, but it is wrong to set national defense construction against economic construction.

#### We Should Strengthen the Macro Guidance and Macro Management Over the Work of Introducing Foreign Technology

Introducing foreign technology is different from ordinary commodity exchange. It requires a strong concept of plans, policies, science, technology, and economy and involves a wide range of problems. It requires us to make preparations for the projects to be imported, to provide technological and economic theories, to carry out negotiations with foreign countries, to consider the problem of assimilating and absorbing the imported foreign technology, to pay attention to the trend of scientific and technological development, and to take account of the possible influence the scientific and technological achievements of our next generation will produce on our society and economy. As it has not been long since we started introducing foreign technology, we are required to explore, to make experiments, and to sum up experience in practice. Introducing foreign technology is not an expedient measure but a long-term strategic one in the course of opening up to the outside world. Therefore it is necessary to strengthen macro guidance and macro management, to constantly study new situations, and to solve new problems in order to ensure the healthy development of this work. Some problems have emerged in our work of introducing foreign technology, and this suggests that our macro guidance and macro management in this respect are still lagging behind. By macro guidance and macro management, we mean that we should have correct targets, plans, and policies and good coordination, so as to achieve the best results and see the expected developments and application of technology. I am of the opinion that the most important point is to achieve the following "three unifications" on the basis of unanimity of understanding:

1. Unification in planning. The state has provided detailed stipulations for the foreign exchange, fund, and approval systems concerning foreign technological projects which must be introduced on a mandatory basis. This is an important aspect of unification in planning. However, it is necessary

to work out a national plan for introducing, assimilating, and absorbing foreign technology in unification with the state's technological development strategy, its industrial development strategy, its plan for national economic and social development, and its plan for scientific and technological development. In addition, we should work out guiding policies and measures so as to ensure the implementation of the plan for introducing, assimilating, and absorbing foreign technology. For example, we should arrange the order of foreign technological projects to be imported, work out methods for meting out economic punishments, and formulate measures for assessing economic results. When drawing up a plan, it is necessary to have a clear idea of what to develop and what not to develop. We must give prominence to key points. We must ensure the selection and introduction of the best. For large technological projects, the method of inviting bids is encouraged. If the problem of building a large technological project can be solved by inviting bids in the country, there is no need to introduce that project from abroad. Foreign bids will be invited only when the country finds it impossible to carry out the construction of a large technological project by its own efforts. Sending people to foreign countries for investigation is, in essence, a form of introducing foreign technology. It is necessary to do this work in a planned way so as to avoid sending people to foreign countries at will. Those who are sent abroad for investigations and business negotiations must be specialists who take charge of the relevant work, know the ropes, and are familiar with diplomacy. Generally speaking, leading cadres should not be sent abroad, except those who are required to head a team.

2. Unification in coordination. To solve the problem of duplicated introduction of foreign technology, it is necessary to coordinate our work in a unified manner. Various departments and commissions have paid attention to solving the problems of transdepartmental and transprofessional cooperation with foreign countries and of duplicated introduction of foreign technology. I hope that they will carry the work through to the end and achieve effective results.

There is much to be done in carrying out coordination in a unified manner. For example, we should use commodities or projects to combine the work of introducing foreign technology with trade, to coordinate the relationship between user units and manufacturing units, and to do a good job in the combination of technology with trade, industry with trade, and departments with regions. Transdepartmental and transregional enterprises of the same category should introduce, assimilate, and absorb foreign technology in an integrated manner so as to avoid duplicated introduction of foreign technology and to prevent fertile water from flowing into others' fields. In this respect, administrative intervention and authoritative arbitration are necessary.

3. Unification in organization. Let us take the work of introducing foreign technology as a system under which various aspects constituting this system perform their different tasks by different work methods and means. I am of the opinion that the methods adopted by the national defense technological system are workable, as these methods have helped form the system of chief

designers taking command and the system of administration and management, thus combining vertical and horizontal relationships and bringing about unification in organization and a division of work. In manufacturing strategic nuclear weapons, China has organized national defense technological units, the Chinese Academy of Sciences, industrial departments, higher learning institutions, and scientific and technological personnel in various provinces, autonomous regions, and cities to bring their superiority into full play, to carry out cooperation in work, and to make unified arrangements for manufacturing assemblies, components, and materials. As a result, we have made a series of technological breakthroughs in 20 years' time.

Practice over the past few years has proved that to do a good job in introducing foreign technology in a unified manner, the following aspects are indispensable: First, we should make good preparations before introducing foreign technology. The departments in charge should organize the specialists concerned or ask qualified, authoritative organs to make serious examinations. Furthermore, they should also organize specialists or advisory organs equipped with independent legal persons in various departments and enterprises to take part in expounding plans for introducing foreign technology, to make a technological and economic analysis, and to carry out a feasibility study. Second, it is necessary to organize research organs, higher learning institutions, design departments, and enterprises to join efforts in tackling difficult problems concerning key or large imported projects. It is also necessary to combine the work of tackling key problems with technological exploration and technical transformation. Third, it is necessary to organize the units which introduce foreign technology, and financial, machine-building, and material departments to solve the problem of funds for importing foreign technology.

In short, under the common target of speeding up China's socialist modernization, unification in planning, unification in coordination, and unification in organization should be observed in introducing foreign technology. It is necessary to break away from departmentalism, to carry out close cooperation, and to avoid duplicated introduction of foreign technology. I hope that we will make greater and healthier development in introducing foreign technology and, in particular, greater breakthroughs in assimilating and absorbing foreign technology as well as in the field of exploring and creating new things.

/6091

CSO: 4004/28

## THE WHOLE PARTY SHOULD ATTACH IMPORTANCE TO THE STUDY OF MARXIST THEORY

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 10-15

[Commentator's article]

[Text] In his speech at the National Conference of Party Delegates, Comrade Deng Xiaoping called on party cadres at all levels, particularly leading cadres, to find some time in their busy schedules to study Marxist theory. Why is it necessary to seriously raise this requirement? What role does the study of theory play in doing a good job of leadership work? Given the new historical conditions, how should we study in order to attain good results? These problems should be conscientiously solved.

### The Need To Study Theory Should Be Stressed

Marxism is the theoretical basis of the party's guiding thought and is a powerful ideological weapon for understanding and transforming the world. Our party has always regarded the study of Marxist theory as the bounden duty of party members and a required course of action for the vast numbers of cadres. In fact, since the rectification movement in Yanan, studying theory has become a common practice or tradition in the whole party and has been institutionalized to a certain extent. Why is it necessary to regard the study of theory as a new requirement now? This is because in the new historical period our party is confronted with the arduous task of leading the four modernizations program and the comprehensive reform, so it has a greater need for theoretical guidance than ever before. In terms of theoretical preparedness and quality, our cadres contingent and the leading bodies at all levels still fail to adapt themselves to, and are even quite unworthy of, the tasks and duties facing them.

First, the vast numbers of party cadres have grown up under the influence of Marxism, but many comrades have not systematically studied Marxist theory. According to a 1982 sampling survey conducted in some provinces and cities, about 18 percent of our cadres had a relatively systematic understanding of the basic aspects of Marxism; 56 percent knew some; and 26 percent knew basically nothing. That is to say, more than 80 percent of our cadres lacked a relatively systematic understanding of the basic aspects of Marxism. In recent years, with the gradual spread of cadre training work and theoretical education, the above situation has improved to some extent, but there has not

been a fundamental change. According to statistics, less than half of the cadres have received systematic training in the basics of Marxism. Lacking basic theoretical mastery on the part of cadres will certainly affect their understanding and conscious implementation of the party's line, principles, and policies.

Second, after two readjustments in recent years, the average age of the members of the leading bodies at and above the county level has dropped to some extent and their educational backgrounds and professional knowledge have improved considerably. A large number of outstanding cadres in the prime of life now fill leading posts at various levels, bringing vigor and vitality to leading bodies at various levels. These young and middle-aged cadres enjoy a distinct advantage in energy, educational background, and professional knowledge, and some have a fairly high theoretical level. Taken as a whole, however, young and middle-aged cadres are still poor in theoretical mastery. Some of them have studied science, engineering, agronomy, medicine, or other specialized subjects at school. Although they have studied the basic aspects of Marxism, they do not have a solid foundation in it. After graduation they are chiefly engaged in such fields of endeavor as science and technology. They attach importance to the study of professional knowledge, but more often than not they fail to continue studying Marxist theory penetratingly. Most of the young and middle-aged cadres started working after 1957. In this period, due to the influence of the "leftist" guiding ideology, especially the launching of the "Great Cultural Revolution," not only was systematic education in Marxist theory seriously weakened but the question of right and wrong in theoretical terms was also thrown into chaos. The youths who were between 20 and 30 years of age at that time could not but be affected by this trend of thought because their world outlook was just taking shape. By setting things to rights following the 3d Plenary Session of the 11th CPC Central Committee, the cadres have acquired a much better understanding of Marxism-Leninism. But the influence of "leftist" ideology has not been thoroughly eradicated among some cadres.

Third, since the 3d Plenary Session of the 11th CPC Central Committee, with the switch in the focus of the work of the whole party and the unfolding of the modernization program, a large number of cadres have increasingly realized the urgent need to study professional knowledge and management expertise and displayed great enthusiasm and initiative in this respect. This is a good thing which we should both support and encourage. However, as a "penalty" for the previous practice of "taking class struggle as the key link," "giving prominence to politics," and studying in a dogmatic way, some cadres do not have great enthusiasm or interest in studying Marxist theory. This will inevitably affect the improvement of their ideological and theoretical levels. To adapt ourselves to the needs of socialist modernization in the new period and to meet the challenge of a new worldwide technological revolution, we must attach importance to the study of professional knowledge and management expertise and make vigorous efforts to raise our professional levels. However, this should not be achieved by weakening or even abolishing theoretical studies. Although the professional competence of cadres should be further enhanced, it is more necessary to promote their understanding of theory. This makes it even more necessary to

correctly handle the relationship between the study of professional knowledge and Marxist theory by combining one with the other and allowing them to bring out the best in each other. Practical conditions show that some comrades have not been able to correctly handle the relationship between the two aspects, displaying more or less the tendency of looking down upon theoretical studies. This has largely contributed to the ideological confusion about some issues at the moment.

Fourth, we are now building socialism with Chinese characteristics, pursuing a policy of opening to the outside world and invigorating the domestic economy, and carrying out a comprehensive reform. This makes it necessary for us to explore answers to the new problems in line with the fundamental tenets and methods of Marxism and the constantly changing reality. For example, what should we do in order to gain a correct understanding of the planned commodity economy? What are the common grounds and the fundamental differences between a socialist commodity economy and a capitalist one? How should we handle the relationship between micro-flexibility and macro-control? What should we do in order to open to the outside world and to resist the corrosion of decadent bourgeois ideas? How can we do a good job in operations and management? All these are "new realities." In the face of these "new realities," it will be difficult for us to find the correct answers if we do not study Marxist theory hard and if we are not good at thinking in theoretical terms. We can read the works of the Western bourgeoisie and learn and make use of their operations and management experience. The problem is, lacking an understanding of Marxist world outlook and methodology, some comrades fail to make a concrete analysis of the concrete problems and in many cases to distinguish between the essence and the dross and between advanced methods of operations and management reflecting modern production laws and what is suited only to the capitalist system. Consequently, they indiscriminately copy such decadent and backward methods and styles of management as "sending money wrapped in red paper," "issuing lottery tickets," and engaging in speculation. In developing the commodity economy, some other comrades have developed the idea of money worship, put money first in everything, and even engaged in illegal activities in pursuit of personal gain. To ensure the smooth progress of the four modernizations program and the reform and to effect a fundamental change for the better in party work style and the general standards of social conduct, it is necessary to attach great importance to and to effectively step up the building of socialist spiritual civilization and to strengthen the ideological and political work of the party. The key lies in arming our cadres with Marxist theory.

Fifth, our party has more than a million veteran cadres who concentratedly embody the rich experience and the fine traditions of the party. Although some of these comrades have withdrawn or will withdraw to the second line, have retired or will retire, many comrades are still key leaders on various fronts. These comrades, whether in or out of office, have the heavy responsibility of passing on experience, giving help, and setting an example to the young and middle-aged cadres and are confronted with the problem of carrying forward the fine traditions and maintaining their revolutionary integrity in their later years. By and large, they have given a good account of themselves.

However, there are also a small number of comrades whose sense of the party has been blunted. Some of them have even taken advantage of their position to seek private gain and followed unhealthy trends. Naturally, there are many reasons for this. However, the fact that they have relaxed theoretical studies and neglected ideological cultivation over the years has something to do with this. Therefore, the requirement of studying Marxist theory "is suitable to both the new and old cadres."

The above points show that it is quite necessary to step up the study of the basic Marxist theory throughout the party.

Only by Studying Theory Can We Acquire a Stronger Sense of Adhering to Principles in Work, a Systematic Approach, Foresight, and Creativity

Some comrades do not attach great importance to the study of theory chiefly because they lack an ample, profound, and thorough understanding of its great significance. Comrade Deng Xiaoping recently pointed out that by studying Marxist theory we can "acquire a stronger sense of adhering to principles in work, a systematic approach, foresight, and creativity." He scientifically summarized the great significance of studying Marxist theory to carrying out leadership work in four points which we should grasp conscientiously.

By a strong sense of adhering to principles, we mean that in observing and handling problems we should have scientific criteria, and that in destroying the old, establishing the new, and forging ahead, we should adhere to a correct orientation and hold fast to it under all circumstances. For example, as the basis for all our policies and the foundation of our state, the four basic principles must be upheld and not forsaken in all our work. This precisely demonstrates a strong sense of adhering to principles. The "Principles Guiding Inner-Party Political Life" are also an important code of the party. They lay down the guide to action for all party members and point the way forward. All party members should strictly observe them. This also demonstrates a strong sense of adhering to principle. Why do we say that by studying theory we can acquire a stronger sense of adhering to principles? This is because only by studying theory can we see through the appearance to get at the essence and grasp the objective laws governing things. That is to say, knowing both the how and the why, we can place our ideas and deeds on a solid foundation. Otherwise, in complex struggle, particularly when attacked by erroneous trends of thought, we are prone to vacillate, go with the stream, and lose our bearings. We have drawn quite a few lessons in this respect. Naturally, a strong sense of adhering to principles does not exclude flexibility, for they complement each other. For example, upholding the leading position of the system of public ownership means that we permit the development of various economic forms including the individual economy for their development. In the final analysis, this is aimed at developing the productive forces and consolidating socialist public ownership. We uphold the principle of common prosperity. However, we encourage some people to become better off earlier so that they can help those who are still poor. Therefore, this will not lead to polarization. In the course of implementing the party's principles and policies, we often come across the question of handling the relationship between a strong sense

of adhering to principles and flexibility. To handle this relationship well, that is, to retain flexibility while adhering to principles and to refrain from departing from principles while paying attention to flexibility, it is essential to raise our theoretical level.

By a systematic approach we mean that leading cadres should be good at analyzing problems in an all-round way in line with the internal contradictions, mutual relations, and developmental laws of things and at carrying out our work in an orderly manner. In practical work, the problems we often come across, such as the relationships between the whole and the part, between the principle and nonprinciple contradictions, and between macroeconomy and microeconomy, reflect the systematic nature of things. In the national economy, mutual relations and restrictions among production, circulation, distribution, and consumption and a comprehensive balance in state finance, credits, materials, and foreign exchange also demonstrate the systematic nature of things. Since things are systematic, we should pay close attention to acquiring a systematic approach in our work. People are apt to think of systematology at the mention of systematic approach. A basic idea of systematology is that we should regard the object of study as a system and consider the problem as a whole. It has provided an effective method for modern scientific management which we should study and make use of. However, systematology cannot take the place of Marxist philosophy. When we apply systematology in practical work, we should take Marxist philosophy as a guide. As the richest and the most profound and comprehensive theory of development, Marxist philosophy attaches the greatest importance to analyzing the internal contradictions, mutual relations, and developmental laws of things. Even (Bettalongfel) [bei ta lang fei 6296 1044 2597 5481], the founder of systematology, also admitted that the idea of systematology partly originated from the dialectics of Marx and Engels. In order to acquire a systematic approach in carrying out our work, to overcome the defects of observing and handling problems in an isolated and one-sided manner, and to avoid chaos arising from the practice of taking defensive stop-gap measures and of doing things in the wrong order of importance and urgency, it is most essential to study Marxist theory.

By foresight we mean that we can assess developmental trends and anticipate the possible results by analyzing the past and present conditions of objective things, particularly by studying the laws governing the motion of things. "The halo of the moon heralds the rising winds and the moisture on a plinth indicates the coming rain"; soil erosion will occur if vegetation is destroyed; and prices will go up if excessive currency is issued. There is a process in the development of a thing, and its trends and results can be anticipated. Given increasingly modern social production, close social links, and complex, changing social life, it is more important to acquire foresight and to avoid acting blindly. The development of modern science and technology has provided modern ways and means to assess developmental trends and to anticipate future circumstances. We should study and master them. However, if a leader wants to be really farsighted and to have the ability to see how things will develop from an overall point of view and from small clues, he must first and foremost rely on the guidance of Marxist theory. This is because Marxism has not only brought to light the general

laws governing the development of society, but also provided us with correct methods to conduct investigations and studies and to analyze the movement of opposites as well as their changes and development. This has great guiding significance in helping us acquire foresight and this cannot be replaced by the ways and means of predicting the future provided by modern science and technology.

By creativity, we primarily mean that leading cadres should be good at studying the new situation, solving new problems, summing up new experiences, and opening up a new situation. In the practice of building socialism with Chinese characteristics, they should be bold in conducting experiments, be keen on carrying out reform, and constantly open up the way forward. Creativity is valuable at all times, particularly in the modernization drive and reform. To acquire creativity, we must understand both theory and practice. Without the guidance of theory we shall become rash people acting blindly or people bogged down in routine matters. Without integrating theory with practice we shall become armchair politicians and dogmatists. In both cases there will be no creativity. Studying theory can bring into play one's creativity because Marxism is a scientific world outlook and methodology. It has opened up the way for us to understand truth and taught us how to further discover and develop truth in the course of understanding and transforming the world. It is essentially revolutionary and critical and is a weapon with which the proletariat overthrows the old world and establishes the new society. In building socialism with Chinese characteristics, we can draw creative strength only from Marxist theory and not from other doctrines. Some people hold that Marxism will stifle creativity. This is a misconception. Naturally, creativity is out of the question if we view Marxism as rigid dogma. However, as Comrade Deng Xiaoping put it: "Marxist theory is not dogma, but a guide to action. It calls on people to proceed from its basic principles and methodology and apply them to changing conditions to devise solutions to new problems. By this process, Marxist theory itself will be further developed." The problem now is that some comrades have not eradicated dogmatist habits and that a larger number of comrades are so bogged down in routine matters that they neglect the study of theory. Therefore, they fail to integrate theory with practice and lack creativity in their work. This is precisely a problem that should be solved in studying theory.

#### The Important Point Is To Grasp and Apply Marxist Stands, Viewpoints, and Methods

Viewed from the circumstances under which our cadres have studied theory in the past few years, the question of how to study theory has not been completely solved among some comrades.

Through the rectification movement in Yanan, our party originally solved the question of how to study Marxist theory, namely, grasping and applying Marxist stands, viewpoints, and methods to solve theoretical and tactical problems in the Chinese revolution. It was precisely because we had solved this problem that the theoretical level of the whole party was raised tremendously, ensuring victory in the Chinese revolution. It was a pity that this good style of

study was obstructed by "leftist" guiding thought in the late 1950's and was again seriously disrupted by Lin Biao and the "gang of four" during the "Great Cultural Revolution." Not only were the youths at that time adversely affected, but its pernicious influence among a sizable number of cadres was also very deep. Since the 3d Plenary Session of the 11th CPC Central Committee our party has attained notable results by setting things right and restoring and carrying forward the good study style of integrating theory with practice. In the new historical period, however, integrating Marxist theory with existing reality is a new subject for new and old cadres alike. Adopting a dogmatic approach toward Marxism has never been useful. This is even more true today. We shall only go astray if we attempt to depart from Marxism and look for another way out. The correct attitude is to unswervingly adhere to basic Marxist theory, to strive to explore new methods of integrating theory with practice, and to enrich and develop Marxism in the course of integrating them.

The CPC Central Committee has done precisely this since the 3d Plenary Session of the 11th CPC Central Committee. Our party has summed up historical experience, both positive and negative, expounded a series of important theoretical concepts, adopted many strategic decisions of overall importance, and formulated a whole set of correct principles and policies. All these represent a creative application of Marxist stands, viewpoints, and methods. In studying theory, we must concentrate our efforts on grasping Marxist stands, viewpoints, and methods as the CPC Central Committee has done.

In the "Communist Party Manifesto," Marx and Engels made known for the first time the political stand of communists, which can be summed up as follows: Always persist in working for the interests of the proletariat and the overwhelming majority of the people in society, always represent the interests of the communist movement as a whole, and simultaneously hold on to the future of the movement in the struggle to achieve immediate objectives. This basic stand has been consistently expressed in Marxist theory. In studying theory we should first adopt this correct stand. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has stressed that the four basic principles are the basis of all our policies, that we are now engaged in the socialist modernization program with the ultimate objective of realizing communism, and that our reform is aimed at building socialism with Chinese characteristics and making the country rich and powerful and the people prosperous. All this reflects a correct Marxist stand. In the past, under the influence of "leftist" thought, it was wrong to indulge in the "philosophy of struggle" and to take a "stand" indiscriminately. However, it is still necessary to uphold a correct stand. Otherwise, we shall go astray.

Marxist philosophy, political economics, and scientific socialism provide us with correct ways to observe society, history, and nature and to study modes of thought. They still serve as our guide in understanding and transforming the world. We must study and master them. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has pointed out that the most fundamental task in the socialist period is to develop the productive forces, that achieving the four modernizations inevitably calls for numerous changes

in the relations of production and the superstructure which are not suited to the development of the productive forces, as well as in modes of management, activity, and thought which are not suited to the new situation; that it is necessary to step up the building of socialist spiritual civilization centering on communist ideas in the course of building material civilization; that intellectuals are a component of the working class; and more. All these are basic Marxist principles as applied in the new historical period. It can be said that without the basic Marxist principles, it would be impossible for us to correctly solve the economic, political, cultural, and other problems facing us. Although the Marxist ideological system, consisting of philosophy, political economics, and scientific socialism, came into being 100 years ago and although some of its conclusions are inapplicable today, its fundamental tenets or principles are still true and are not outdated.

Engels pointed out: "Marx' world outlook as a whole is not a religious doctrine but methods." ("Complete Works of Marx and Engels," Vol 39, p 406) That is to say, the vitality of Marxism lies in the fact that it not only provided correct answers to numerous problems at that time but also scientific methodology to analyze and solve new problems. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has reaffirmed the ideological line of seeking truth from facts, correctly assessed Comrade Mao Zedong's place in history, and successfully formulated a series of principles and policies. All this is inseparable from the application of this scientific methodology. We make numerous errors in our practical work often because we go against materialist dialectics. Although the development of modern science and technology has provided us with various specific methods and skills to understand things, materialist dialectics is still our most scientific tool. We shall be attending to insignificant matters to the neglect of essentials if we are keen on mastering some specific methods and skills to the neglect of studying materialist dialectics.

We can thus see that in studying Marxism the most important thing is to master and apply its stands, viewpoints, and methods and not to recite some of its terms or ready conclusions. It should be noted that we should not indiscriminately copy specific Marxist conclusions. Even the fundamental tenets of Marxism should be constantly developed along with the times. This is because Marxism is a branch of science which should not remain stagnant. For example, Marx and Engels pointed out that a socialist society should practice a planned economy based on public ownership of the means of production. This basic concept is still correct today. However, they did not foresee that there would also be a commodity economy in a socialist society. Now, in light of the new experience gained in practice, we have put forward the concept that the socialist economy is a planned commodity economy based on the system of public ownership, thus upholding and developing the fundamental tenets of Marxism. Some comrades hold that classical Marxist works cannot solve some new problems. If they mean that the classical works should provide us with ready answers to the problems, this is naturally impossible. However, if they refer to the application of Marxist stands, viewpoints, and methods, we should say that the classical works can help us solve the new problems. Many comrades have not read enough classical Marxist works. To familiarize ourselves with Marxist theory, we should choose some

classical Marxist works and read them in a planned way. It is all the more necessary for us to conscientiously study the works of Comrade Mao Zedong and other proletarian revolutionaries of the older generation and the important documents released since the 3d Plenary Session of the 11th CPC Central Committee because they are the outcome of integrating Marxist theory with China's reality and are Marxism as applied in China.

In order to grasp Marxist stands, viewpoints, and methods and to integrate theory with practice, we must eliminate the influence of two erroneous tendencies. One is the influence of dogmatism characterized by being satisfied with reciting Marxist theoretical terms and ready conclusions. The other is the influence of bourgeois liberalism characterized by the idea that since Marxist theory is outdated, it has lost its guiding significance. Though going to extremes, both ideas have common ground, namely, they fail to differentiate between the general principles of Marxism and the conclusions for solving some specific problems. The general principles of Marxism reflect an understanding of the laws governing the objective world, while the conclusions for solving specific problems are a specific application of the general principles and they change with prevailing historical conditions. In his article "Our Program," Lenin pointed out that Marxist theory provided "general guiding principles." He also stressed: "These principles, in particular, are applied differently in England than in France, differently in France than in Germany, and differently in Germany than in Russia." ("Selected Works of Lenin," Vol 1, p 203) Taking Marxist theory as something unalterable, sacred, and inviolable, the comrades affected by dogmatism always mechanically apply certain specific conclusions of Marxism in solving current practical problems. This naturally gets them nowhere. The comrades affected by liberalism, however, often doubt the correctness of the fundamental tenets of Marxism because the specific conclusions are inapplicable today. In an effort to enhance the consciousness of all party cadres in studying theory so as to attain good results in studies, it is imperative to eliminate the influence of these two erroneous tendencies.

/6091

CSO: 4004/30

## SOME QUESTIONS IN CURRENT LITERARY WORK

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 16-19

[Article by Wang Meng [3769 5536]]

[Text] Uphold Creative Freedom, Strengthen Writers' Sense of Responsibility to Society

From the end of last year to the beginning of this year, we convened the Fourth National Writers' Congress. Comrade Hu Qili delivered a congratulatory speech to the meeting on behalf of the CPC Central Secretariat. He reiterated the issues concerning writers' creative freedom and social responsibilities and emphasized that writers should bring their works into line with the advances of our times and our society and should realize the importance of their social responsibilities. "Creative freedom" was not something that came into being after the Fourth Writers' Congress. This concept can be found in classical Marxist works, in the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" put forward by Comrade Mao Zedong, and in Comrade Deng Xiaoping's congratulatory speech to the Fourth National Writers and Artists' Congress. The Constitution of our country also prescribes that one of the citizens' basic rights that must be safeguarded is the freedom of literary and artistic creation. Even so, the Fourth Writers' Congress still solemnly reiterated creative freedom, because this is still of great significance.

The reiteration of creative freedom was not accidental. Instead, this principle was formed on the basis of summing up our party's positive and negative experience in leading the literature and art movements over many years, on the basis of studying the character and conditions of socialist society and the existing conditions and developmental tendency of our literature, and on the general rules governing literary and artistic creation. This principle represents an objective law in this field. Literary and artistic creation is a type of mental work. It is a special form of creative work which is filled with the characteristics of individual writers. People can duplicate literary works according to administrative orders, but can never produce good works in light of such orders. We can say that freedom is always a sister of creation and is a necessary precondition for creation. Only under free circumstances and conditions can people successfully express the things in their minds and display their wisdom and pursue and create varied and original mental products of high quality one after another.

Of course, "creative freedom" was not the only thing conveyed in the congratulatory speech and in the spirit of the Fourth National Writers' Congress. While emphasizing creative freedom, the speech and the meeting also called on writers to study Marxist theory, establish a scientific, progressive, and revolutionary world outlook, plunge into the fiery struggles of the people, gain a better understanding of the fundamental interests of the party's cause and the objective laws that govern historical development, and create better works by cherishing a stronger sense of responsibility to our society. That is to say, writers' creative freedom should be linked with our lofty revolutionary ideals, with our historical mission, and with our social responsibilities. Our freedom is not a kind of individualist and "laissez-faire" freedom. We have to follow some common rules in our society and should consciously link our free and individual creations and our personal pursuits with the interests of the whole country and the whole nation and with our responsibilities for reinvigorating China and building China into a modern and powerful socialist country. Only thus can our individual creations carry far-reaching social and historical significance and can we link our personal feelings and careers with the pulse of our times and with the general feelings of the people and can we raise the realm of our thought to a higher level and thus positively influence the mental sphere of our readers.

We should realize that the creative freedom we are to safeguard is creative freedom with a socialist character. This creative freedom is now under the protection of our Constitution. History has proved that the establishment, development, and improvement of the socialist system in our country provides the conditions for true creative freedom. At the same time, we must firmly adhere to the orientation represented by the four basic principles stipulated by the Constitution. Only by adhering to the socialist orientation can we guarantee and develop creative freedom, and only with free creation can writers' intelligence and wisdom be brought into full play and their mental potential be fully tapped so as to cultivate richer, more brilliant, and more elegant flowers in the socialist garden of literature and art that have never been seen in previous historical periods.

#### On the Phenomena in Literature at Present: Enlivenment and Differences of Opinions

Over the past year there has been an unprecedentedly brisk situation in our country's literature circles. Many theoretical workers and critics, particularly young ones, have put forth many new questions, concepts, and methods. For example, there are questions related to the expansion of the scope of thought, the role of the subjects of literary creation, national cultural consciousness, methods of criticism, and the integrated research into the "literature of the 20th century." All the people have aired their views freely and conducted discussions on and research into these questions with great interest. We can say that never have their minds been so enlivened as now. In the field of literary creation, a number of writers have closely followed the trends of the times, gone deep into our cities, rural areas, and among our troops, and strived to reflect the historical process of the reform and the changes and developments in people's lives, experiences,

mental attitudes, and concept of morality in the new historical period. Their works have moved and inspired people and roused them to think deeply. In the sphere of novel writing, we have scored heartening achievements in probing into new forms and seeking to more profoundly display our national mentality. Our reportage has always played the role of a "vanguard of literature." Our reform, opening up to the outside world, party rectification, four modernizations, special economic zones, communications and transportation, national defense front, national defense construction, self-study activities to become talented people, and substitution of new cadres for elderly ones have all found prompt expression in various kinds of new reportage. Our poems have been greatly enriched and diversified.

At the same time, the different opinions on current literary phenomena have also been very noteworthy. Widely diverse and even diametrically opposite evaluations on a viewpoint or a literary work have perhaps occurred more than at any time in the past. It is not strange to have so many differences of opinion, for literary phenomena are complicated and differences of opinion are likely to increase when people's minds are stimulated. Since the implementation of the policy of opening up to the outside world, various ideological trends, viewpoints, and words have come swarming into our country. This has also caused differences of opinion to increase. The problem now is that most of these differences of opinion remain discussed in private and there have not been adequate public debates. Often, one trend or another is in vogue for a period of time in our literary circles and the differences in opinion have not been able to be satisfactorily published. This is apt to give rise to one-sidedness, blindness, and even wavering uncertainty in our understanding of literature and art issues. It is detrimental to the stability of our party's literature and art policies and the healthy development of our literature and art undertakings. It also shows that we still lack relatively brisk Marxist literary criticism. As a result, some problems have not been promptly debated or clarified.

We must also see that the people in various circles in our community are on the one hand satisfied with the current development of our literature, and on the other dissatisfied with and even indignant at it. At present, there are many works that reflect the reality, but the quality of these works is not satisfactory enough. People hope that more inspirational and sound works that can encourage and urge people to devote themselves to the four modernizations program will emerge. Our writers certainly should not ignore the demand. For example, it is the 40th anniversary of the victory of the war against fascism, but we have written few decent works on this theme. Should we not conscientiously consider this problem?

Latent differences of opinion and latent censure can greatly influence the further development of our literature and show that there are certain latent dangers.

Therefore, an important task confronting us at present is to unfold strict literary criticism which is principled, even-handed, and conducted via thorough democratic discussions. Literary criticism should not be hindered by sparing others' sensibilities or vulgar flattery. It should not be done

simply by guessing at the spirit of a leader's speech or waiting for some instructions from the higher authorities; neither should it be done too quickly, be standardized, or be one-sided. We propose that literary critics not be affected by the trends of the time. They should adopt the attitude of developing socialist literature, which is broad and rich in principle, and conduct literary criticism which seeks truth, is strict, aims at helping those criticized, and is just and upright.

#### A Few Problems Worthy of Our Attention

At present, there are some phenomena worthy of our attention. First, there is the so-called popular literature, which is essentially vulgar literature. There is also a problem of the market atmosphere characterized by the blind pursuit of money which affects serious and decent literary undertakings. Of course, neither in theory nor in practice do we reject good popular literature accepted by common readers, readers in the rural areas in particular. In fact, we should attach importance to its development and improvement. But the problem is that some tabloids, which can hardly be considered decent "popular literature" and which are better considered rubbish, have suddenly flooded the country, with very bad effects. These tabloids are run for nothing but money. The stories they carry are sheer fabrication and are of very low taste, and their contents are unhealthy. Fictional novels of the martial arts have swept the market drastically, sweeping the publication and circulation industries and endangering the development of "serious literature." Failure to solve those problems will make it impossible to do a better job in building socialist spiritual civilization, because the readers will fail to obtain genuine good quality spiritual food and the socialist cultural market will be oppressed and even swallowed up by the market atmosphere characterized by a blind pursuit of money.

Second, an argument has been spread recently which depreciates and somewhat deliberately ridicules social values, the spirit of the times, realistic topics, and even the significance of going deep into the realities of life concerning literature. The crux of such an argument is to make artistic value diametrically opposed to social value. It seems that for the sake of artistic value, the social value of literature can be sacrificed. One may not go deep into the realities of life, the spirit of the times can be disposed of, and that the social effects of literary and artistic works can be neglected for the sake of artistic value.

Sometimes there can be some value in the so-called pursuit of art for art's sake, that is, artistic value accomplished with no social value; however, it is very limited on the whole. Artistic value divorced from the historical progress of society and the masses can only be very incomplete and often makes people feel it lacks something. If the effects of artistic value are overstressed, it will only weaken, narrow, and lower socialist literature to appreciation on a minor scale, while socialist literature should be the trumpet and monument of the times and the spiritual flame of the nation and the people. A man of letters who is aiming high should remove narrow-mindedness and link his own creative activities with the masses in their struggle to create history and new life. Therefore, what we must do is

still create literature in the interests of the people and social progress.

Third, some works have weakened the popularization of patriotism and revolutionary heroism as a result of the enthusiasm for describing abstract human nature. Recently, some journals have vied to publish works expressing people's sexual instincts. True, some of them are serious and the writers have included the purpose of exploring life and the human spirit seriously in their writing. However, we cannot but point out that some works are actually written to bait readers and to cater to the low taste of some readers. They are very poor in style and some are even unreadable. Our writers and editors have to take into consideration social effects and the protection of the mental and physical well-being of readers who are teenagers. A meticulous attitude must be adopted in publishing works in this category in the future, and we should never cater to low taste.

The socialist nature of literature depends on its socialist ideological and political tendentiousness, namely, its patriotic, collective, socialist, and communist ideological tendentiousness. Socialist literature, first of all, means that its tendentiousness is favorable and conducive to the material and spiritual building of socialism. Of course, it does not mean that all the detailed descriptions are biased and that all questions can be raised to the higher plane of the principle of "tendentiousness." Generally speaking, we just cannot judge the tendentiousness of a certain writer only in light of a single one of his works. However, viewing the situation as a whole, negating the tendentiousness is groundless. In fact, negating tendentiousness is a kind of indifferent tendency toward the socialist cause and the people's interests. The question of educational significance is also the same. Setting up prototypes through literary works might cause people to become upset. However, at any age, who could deny the instructive and cultivating roles of literature and art? We are striving to cultivate our people to become people with ideals, morals, knowledge, and discipline. Certainly, the ideals of literary works are closely integrated with the artistic enthusiasm and imagination of writers and the great practice of the socialist modernization drive carried out now by the people of the whole country. It is quite real rather than an abstract concept.

Paying close attention to the people, the social development and the progress of socialist literature will surely be paid attention to by the people and welcomed by the society. The relations with the people, actual life, and socialist ideological trends are the important sources of the stirring ideological and artistic forces of our literature.

#### To Strengthen the Consciousness of Building the Spiritual Civilization

Studying the documents of the National Conference of Party Delegates is an important task and central link in political and ideological work. As far as our literature workers are concerned, the focal point of studying and implementing the documents is to get a clear understanding of the situation, persevere in reform, and strengthen the building of socialist spiritual civilization. Through the study of the documents of the conference of party

delegates, we should more closely become united around the party Central Committee, uphold the four cardinal principles, persevere in reform, adhere to the policy of invigorating the domestic economy and opening up to the outside world, intensify the political centripetal force, strengthen the consciousness of and the sense of responsibility for building the spiritual civilization, raise the ideological quality and artistic quality of literary works, and make active contributions to the building of spiritual civilization.

In a certain sense, the achievements of literature embody and reflect the level of the spiritual civilization of our society, the degree of our understanding and mastery of truth, and the degree of the soundness, self-confidence, civilization, and stability and unity of our society. In turn, they can also exercise far-reaching, great influences over the society's mental attitude. Currently, the socialist cause of our country has entered an important and critical period of development. As a result, the weather-beaten Chinese writers should be warmly concerned with and feel seriously responsible for the rise and fall of the country, the fate of the nation, the success or failure of the reform, and the advance or retreat of the socialist cause. Therefore, we should adopt a responsible attitude toward the people and the socialist cause to keep improving, attach importance to social effectiveness, and produce better spiritual products.

Comrade Deng Xiaoping emphasized in his speech at the National Conference of Party Delegates that it is important to take social benefit as the sole or supreme criterion for intellectual production. We must seriously implement this instruction. There is a great deal of work to do, including giving financial support to serious cultural undertakings. However, our writers should, even under some unsatisfactory conditions, firmly adhere to the correct orientation so as to uphold the good reputation of our socialist literature.

Our literary workers should seriously implement the spirit of the party National Conference of Party Delegates and strengthen the study of Marxist theory. They should link theoretical study with their efforts to plunge into the thick of life, and should apply the basic principles of Marxist theory to study, consider, discuss, and solve new challenges, new phenomena, and new problems in the process of historical development so as to enrich and deepen our understanding of basic Marxist theory.

The whole party and the whole nation are paying attention to the issue of improving party style and public conduct. We should use our pens to criticize the negative factors of decadence, backwardness, and selfishness existing in our society, and should also maintain a good style ourselves. We do not have inborn immunity from unhealthy things in public conduct, so we do not have the right to merely criticize other people and excuse ourselves. We must notice that there are many incorrect things in the literature and art circles.

We should cultivate a good style of being modest, honest, realistic, and broadminded, being able to maintain close links with the masses and to maintain the unity among the writers. We oppose boastfulness, factionalism, position-jockeying, the pursuit of fame, and law-breaking.

Here, I want to particularly stress the issue of unity. We writers should be kind to each other, respect each other, and look at ourselves and other people from an all-round viewpoint. We should proceed from the overall interests of the state, the party's cause, and socialist literature and always look to the future, and then we will be able to maintain great unity on the basis of our common political ideals. Unity and stability are what we all look forward to, so we should contribute more to the maintenance of such a good situation.

Comrade Deng Xiaoping said: "We should reduce empty talk and do more down-to-earth work." This instruction is also applicable to our literary work. We should not indulge ourselves in making empty, high-flown, irresponsible, and one-sided remarks, but should do more work which is beneficial to the socialist cause and to the interests of the people in the fields of creation, literary comments, editing, translation, and teaching. Let us unite and make joint efforts to build spiritual civilization!

/6091

CSO: 4004/28

## SPEED UP TECHNOLOGICAL TRANSFORMATION, REJUVENATE OLD INDUSTRIAL BASES

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 20-24

[Article by Li Buixian [2621 6311 7639]]

[Text] In the new situation of the construction of the four modernizations, how should old industrial bases like Liaoning and others be vigorously developed? Shall we principally rely on building new factories and increase the facilities or transform the existing enterprises with new technology? When formulating the Seventh 5-Year Plan, the CPC Central Committee has given a clear-cut reply in regard to construction: "The old industrial cities and industrial bases should take bigger steps forward in the direction of technological transformation and bring the immense potential of their productive power and economic advantages into full play." "The existing enterprises should strengthen their technological transformation and their rebuilding and expansion work, employing advanced technology to arm the various departments of the national economy." This is an exceedingly important guideline on economic construction. We should have a deep understanding of the important significance of this guideline, earnestly study and grasp the basic principles of technological transformation, and, by means of appropriately readjusting the relevant policies through the process of reform, rejuvenate the old industrial bases and let them play an even bigger role in the new historical era.

### I

Why must the old industrial bases take the road of technological transformation, rebuilding, and expansion?

First, the old industrial bases bear an important mission in development of our country's economy. Standing firm on the existing foundation, technologically transforming the old enterprises is an important road to speeding up the modernization of our national economy.

Liaoning Province is a dilapidated setup left over by the Japanese and bogus regimes which, during the First 5-Year Plan period, was made a major investment area by the state. With the building of a number of backbone enterprises, it was formed into an old industrial base. At present, the province has a total of over 17,500 industrial enterprises, employing 4.73 million

people. Its fixed assets amount to 56.57 billion yuan, occupying first place among the provinces, municipalities, and autonomous regions of the whole country. Its industrial output value of 57.76 billion yuan, 8.2 percent of that of the whole country, of which the output value of its heavy industries occupies first place in the country. Of the 163 categories of industrial departments listed by the country, Liaoning possesses 161 kinds. Its iron and steel, machine-building, petroleum, petrochemical, and building materials industries occupy an important position in the country. Of the 80 major industrial products listed by the country, Liaoning occupies first place with 35 kinds, including steel products, pig iron, cement, and plate glass, and takes second place with 15 other kinds. Liaoning's steel production accounts for one-fourth of the gross national output, while its production of soda ash is 40 percent of the national total. For a prolonged period, Liaoning has taken up the task of supplying the state with important raw materials and machinery and equipment. From 1952 to 1984, it supplied an aggregate amount of 36.15 million tons of pig iron to various parts of the country, 51.92 million tons of steel products, 7.79 million tons of soda ash, 38.54 million tons of cement, and 1.83 million tons of various kinds of nonferrous metals. On the foundation of economic development, Liaoning has accumulated a large amount of construction funds for the state. Over the past 30 years and more, it has delivered to the state 126.2 billion yuan. The profits and taxes paid by its industrial enterprises to the state were equivalent to 420 percent of the state's investments for the same period. At the same time, it has dispatched a large number of technicians and management cadres to various parts of the country. Shenyang municipality alone is known to have supplied various parts of the country with 130,000 trained personnel. It can thus be seen that the old industrial base has acquired a relatively strong economic and technological capacity. But in the future socialist modernization program in our country should an old industrial base like Liaoning still supply large quantities of raw materials, machinery, and equipment to the state? In my opinion, it should by no means reduce its commitment but should make even more contributions. Its rise and fall have a direct bearing on the progress of our country's modernization program and we should pay extremely important attention to this valuable foundation. As Comrade Ziyang pointed out when he visited Liaoning last year: "Old industrial bases like Liaoning and Shanghai occupy a position in the national economy which no other locality can replace. We cannot allow them to stop advancing and make no efforts to progress further. On the contrary, we should create the conditions to transform and rejuvenate the old bases." What he said is entirely correct.

In building and developing new projects and new bases, we can directly adopt the latest modern technology and equipment and extend their production scale and capacity. But new projects, particularly large heavy industrial projects, require large investments and a long construction period and are slow to produce results. On the contrary, in transforming and expanding old enterprises, small investments are required, output is large, and quick results are attained. Generally speaking, to match the production capacity, compared with building new plants, transforming old enterprises can save on investments by two-thirds and construction materials by 60 percent, and the construction period is shorter by over 50 percent. Hence, we should never confine our attention to building new projects and neglect using and

transforming the existing enterprises. Standing firm on the existing foundation and carrying out technological transformation of existing enterprises is the only road to rejuvenating the old industrial bases and speeding up the development of the national economy.

Second, following economic and technological development, the demands on the existing industrial bases are becoming increasingly higher. Only in strengthening technological transformation is it possible to achieve new and lustrous development and to continue to bring their role into full play.

At present, our old industrial bases are in varying degrees of backwardness. They can hardly measure up to the demands of the general task and general target advocated at the 12th CPC National Congress. In regard to the conditions in Liaoning, the old enterprises generally exhibit the signs of "three types of aging" and "two deficiencies," namely, the aging of equipment, skills, and products, and deficiencies in economic results and competitive power. The great majority of technological equipment of the existing enterprises was made in the 1950's and 1960's, some even in the 1930's and 1940's. The net value of the fixed assets is only 60 percent of the original value. In the whole province, about one-third of the equipment is in "extended active duty" or running in poor condition. Most of the production skills are antiquated and backward. For example, in Anshan Steel, the country's largest metallurgical establishment, the processes of continuous casting and continuous pressing are still lacking. Of the over 5,700 varieties of products of the machine-building industry in the province, old products of the type of the 1950's and 1960's still account for 78 percent. The province has an annual production capacity of some 170,000 sets of metal-cutting lathes, but the great majority are ordinary lathes. Large, specialized, and high precision lathes and numerically controlled lathes are very scarce. Conditions of this kind not only seriously restrict the use of Liaoning's rich natural resources and the display of its economic potential, but also constitute an enormous waste of energy and raw materials, impeding the improvement of the quality of the products. The products not only cannot meet the needs of the modernization program, but also find it difficult to break into the world market. Facts have amply shown that the transformation of the old industrial bases should no longer be delayed. It is necessary for us to feel a sense of urgency and speed up the steps in transformation. We should speedily convert the "three types of aging" into "three new things" and put a new face on the old industrial base. Only by so doing can we perform well the role of "invigorating Liaoning in the service of the whole country." Based on this understanding, some of our comrades are carrying out a change of guidance thought. During the Sixth 5-Year Plan period, Shenyang municipality will have completed investments in technological transformation amounting to 1.48 billion yuan, particularly in regard to the transformation of the electrical machinery and metallurgical industries, of which the major products such as lathes, water pumps, electric fans, air compressors, electrical machines, and compressors have basically been renewed or overhauled. Some of them have reached or are near the international advanced level, thus increasing their competitive power. In the Seventh 5-Year Plan period, continued efforts will be made to further increase the proportion of investments in technological transformation in the gross investments, and

to continue to transform, rebuild, and expand the major large and medium-sized enterprises with a bearing on the whole national economy.

Third, based on the original foundation, carrying out technological transformation of the old enterprises meets the urgent needs of the development situation of the new technological revolution. The backwardness of the old industrial bases is illustrated on many levels, but the pivotal question is the aging of their technology and their backward management methods. Seen from the situation in Liaoning, the technological level of the backbone enterprises is behind the world's advanced technological level by at least 10 to 20 years. The world's new and rising technological revolution has issued to us a new challenge: It is all the more urgent to speed up the technological revolution and rejuvenation of the old industrial bases. Like the past technological revolutions, the current new technological revolution of the world aims at promoting the productive forces mainly through renovation of the means of production. In the course of this revolution, many countries are concentrating their forces on studying and adopting new technologies, doing their utmost to achieve new development in fierce competition. The time period for the use of science and technology in production is being further shortened. In the world's economic development, whoever can make use of advanced technology for the renovation and transformation of the means of production will be in the forefront of economic development. Based on our own historical experiences in economic development and those of the world, we should deepen our understanding of the necessity of renovating the means of production through the use of advanced technology and at the same time strengthen the initiative in technological transformation. Among us there are certain comrades who lack sufficient ideological preparedness regarding this new situation and who are unable to comprehend the changes in the world's new technological revolution and the world markets. Very frequently, impressed by a temporary situation of demand surpassing supply in the domestic markets and contented with the belief that the products are marketable, that production can be maintained, and that the results will be fairly tolerable, they have relaxed their technological transformation of the enterprises. This obviously is a manifestation of shortsightedness. The new world technological revolution is a challenge to us and is a new opportunity that will seldom be matched. We should do our utmost to make full use of the advantageous international situation, study hard foreign experiences, and learn and introduce foreign advanced technology. At the same time, we should pay close attention to promoting and using our latest technology to transform the existing enterprises and achieve the objective, without violating the economic and technological laws, surpassing a certain stage of development and realizing the growth of the old industrial bases. In Liaoning, there are cases in which certain enterprises, in the course of technological transformation, have successfully applied micro-electronics techniques to make a leap forward in the quality of the products from the level of the 1950's to the modern advanced level. This illustrates that what was said above is entirely possible.

## II

Employment of advanced technology to transform existing enterprises is a systematic project of a complex nature. On the one hand, we must examine the advanced character of the technology and, on the other hand, consider whether it is economically rational and feasible from the standpoint of financial and material capability. In addition, technological transformation of enterprises must be integrated with the demands of macroeconomic development. The central link in effectively organizing technological transformation is to make small investments to return for relatively more and better products. Based on many years of experiences, in technological transformation it is necessary to handle well the following several problems:

1. Technological transformation of enterprises must be integrated with readjustment of the same trade and reorganization of the enterprises' structure. Macro control must be grasped, micro transformation must be carried out, and the two must proceed side by side. In technological transformation, it is necessary not only to improve the management level of the production techniques of the enterprises themselves, but also to promote specialization and their ability to engage in large-scale production and to lower the production cost of the entire trade, thus forming an economic combine with relatively strong competitive power. This necessarily involves readjustment of the organizational structure and structure of the products of the whole trade as well as the renewed composition of the individual enterprises. It is necessary to formulate a practicable technological transformation program which extends from top to bottom of the industries and trades of the whole province, producing a macro setup which is in line with the national setup for the industries and trades. The trades and industries should make clear-cut demands on the readjustment and reorganization of their subordinate enterprises as well as suitable arrangements in regard to the direction of the products of the enterprises, their production scale, technical policies, and equipment policies, so that the enterprises may follow accordingly. The technological transformation of enterprises and the direction of development should follow the developmental plans of the industry or trade and should be arranged in a unified manner. This suits the developmental needs of all the industries and trades and is where the basic interests of the enterprises lie. In Liaoning, the technological transformation carried out in certain localities has provided initial experience in this connection. For example, in developing the electronics industry, Dandong municipality made a unified plan covering the whole municipality. In introducing advanced technology and equipment for the main plants in accordance with their needs, not only did the main plants renew their equipment, but a large number of plants making the accessory parts did likewise, thus producing a completely new setup for the whole industry and obtaining relatively better economic results. Unfortunately, the majority of the localities are still fighting their battles separately and have deflected from macro guidance. Some of the introduction work done was redundant, there were frequent changes, and generally the enterprises remained in the condition of being "large and comprehensive" or "small but comprehensive," spending a great amount of money but procuring low economic

effects. It is necessary to rectify this tendency of paying attention only to one's self, ignoring the situation as a whole, making blind ventures, and each doing its separate lot. We must definitely not make the blunder of requiring readjustment soon after completion of transformation work.

2. Major transformation should be integrated with rank-and-file transformation, the former leading the latter. In the old industrial bases, many enterprises must be transformed. In Liaoning Province there are 20-odd industries and trades and over 10,000 enterprises. All of them have transformation tasks in one way or another. An initial plan called for the spending of some \$2 billion on the introduction of technology during the Seventh 5-Year Plan period. On such a complex and heavy task, where should we make a start? We must learn to grasp the major contradictions, give priority to the major jobs, and also handle the rest, otherwise it will be difficult to attain the original objective. Over the past several years, we have spent a lot of money on technological transformation, but the results have not been clear. This is precisely the result of "grasping the eyebrow and the beard simultaneously" and tending to big and small projects both at the same time. From now on, in formulating a technological transformation plan, we should base our decision on the position occupied by the industry, trade, and enterprise in the national economy and on the degree of difficulty or ease of the transformation. We should differentiate between the trivial and the important projects and between the urgent and not urgent projects and treat them separately. We should refrain from "giving the child milk whenever it cries." Seen from Liaoning's industrial structure and special points, among the various industries and trades, machine-building, metallurgy, and electronics are the major sectors and technological transformation should start with them first. This is because these industries and trades belong to the category of foundation industries for equipping the various departments of the national economy and only upon the elevation of the technological level of these industries will it be possible to provide the necessary conditions for the development of other industries and trades. By so doing, it answers not only the needs of Liaoning's economic development, but also the urgent need of rendering aid to the whole country's construction work. In any one industry or trade, the large and medium-sized backbone enterprises with a bearing on the national economy as a whole should form the major basis for technical transformation. With their transformation in good order, they will be able to play the leading role in promoting the technological progress of the whole industry and trade. In an enterprise, those high energy-consuming equipment and major products urgently needed by society should constitute the major items for transformation. With their transformation completed, outstanding social economic results will be attained. As a whole, the extent and results of the technological transformation on these major industries and trades, major enterprises, major equipment, and major products determine the role of the old industrial bases and the progress of the four modernizations program. Once these points are grasped well, the key to rejuvenating the old industrial bases will have been grasped and it will be easier to solve the other problems.

3. Technological transformation must be integrated with the introduction of technology. Having introduced foreign advanced technology and equipment, we should follow up with digesting and absorbing it, creating new things, and striving hard to improve our own technological level. Since implementation of the guideline of opening up to the outside world, Liaoning has scored successes in the introduction of foreign technology. In 1984 alone, 802 projects were completed, the gross amount involved showing an increase of 160 percent over the aggregate amount for the preceding 5 years. The introduction has transformed 550 enterprises, bringing about an annual increase of 2.39 billion yuan of output value, a new increase of 970 million yuan of profits and taxes, and foreign exchange earnings of 490 million yuan from exports, playing a definite role in promoting technological progress. However, when a further analysis is made of the state of the introduced projects, it is found that hardware predominates while software is few and that the direct use of the products has been frequent while cases of digesting, absorbing, and creating new things have been exceedingly rare. According to one investigation of the number of projects introduced into the province, only about 15 percent have been digested and absorbed. We should clearly understand that the purpose of introducing foreign advanced technology is to introduce the advanced technological fruits of others for our use so as to strengthen our own developmental capacity. If we introduce without digesting and take without improving, we shall forever crawl behind others. Only by swiftly digesting, absorbing, and creating new things after introduction can we take our own road. Therefore the formulation of a policy beneficial to encouraging enterprises to digest and absorb imported technology is urgently needed. It should include the formation of a special fund and full assurances should be given to enterprises that the needed materials and loans will be available, thus creating the necessary conditions for the enterprises to do the digestion and absorption. From now on, when determining the projects to be imported, we should consider whether or not the enterprises concerned have the requisite capacity to digest and absorb. No approval for importation should be given to those enterprises lacking this condition. The imports should center mainly on software. Use of existing foreign exchange to buy hardware of a rank-and-file nature should be subjected to appropriate restriction. We should also simplify the procedure of sanctioning the importation of accessory products and sample machines. Such imports should enjoy the benefits of preference in payment of customs duties. In addition, it is necessary to guide the enterprises to follow the lead of their respective industry or trade. Manufacturing units should be the main importers, and with the participation of planning and end-user units, all should work together to perform a good job in attacking the knotty problems of digesting, absorbing, changing the rules and structure and creating new things, thus speeding up the process of surpassing the world's advanced technological level.

### III

At present, the employment of advanced technology to transform the existing enterprises should center on reforming the economic management structure, concentrating on solving two major problems: First, how to invigorate the large and medium-sized enterprises so as to strengthen the enterprises'

wishes to seek new technology and adopt new technology of their own initiative; and second, how to expand, renovate, and transform the sources of funds, thus strengthening the enterprises' capacity to carry out transformation by themselves. The proper solution of these two problems will create a good environment for the enterprises' technological progress and speed up the steps in technological transformation.

The original motivating force for doing a good job in technological transformation primarily comes from the internal vitality of the enterprises. As for whether or not this vitality can be truly obtained depends on the kind of management structure enforced. In the past, the state exercised too much control and the control was strangling. Enterprises, regardless of their technological condition, were all entitled to enjoy the benefits of "everybody eating from the same big pot." As a result, technological transformation made slow progress and for many years, old equipment, old technology, and old products have been depended upon for subsistence. However, following the reform of the urban economic structure and extending the decisionmaking power of the enterprises, certain enterprises began to have vitality, thus providing the condition for speeding up technological transformation. In Shenyang and Dalian, after serving as the experimental areas for the initial steps of the reform, the enterprises' initiative to seek technological transformation has been augmented. Last year alone, some 474 projects of technological imports were completed. The amount of transactions was even larger than the total of the 5 preceding years. This illustrates that performing a good job in reform plays an important role in promoting technological transformation. At present, the reform has just begun and many large and medium-sized enterprises have not yet been really invigorated. We must firmly insist on carrying out the reform, making use of it to promote technological transformation. The first problem is to further streamline the administration and delegate power to the lower levels, to liberalize policies, and to clearly demarcate the duties and responsibilities of the departments in charge and the enterprises in matters of technological transformation. The departments in charge should primarily do a good job in outlining the regulations governing the industries and trades, carrying out the necessary macro control, rendering services, and giving aid. Enterprises should, relatively speaking, be independent economic bodies. Provided that they do not violate macro control and can complete on time deliveries of profits and taxes to the state, they are entitled to make their own decisions in regard to the problem of technological transformation. It is necessary to change the situation of "diagnosis by many doctors" and protracted meetings without any conclusions in connection with technological transformation. Within the enterprises, it is also necessary, by means of the reform, to prescribe clearly the responsibilities in technological transformation of people in charge from top to bottom and link these responsibilities with their economic interests. From now on, in the evaluation and assessment of performances of enterprises and cadres, the state of the technological transformation should be an important criterion, thus keeping everybody concerned with technological progress. Some localities have experimented with the system of subjecting the leadership cadres (including cadres in the workshops) to the tenure responsibility system, that is, specifying the technological transformation projects to be

undertaken during the tenure period and the targets and technological level to be attained. Bonuses and awards will be determined on the basis of the results achieved. This method is worth exploitation.

Insufficient funds constitute a serious problem in the carrying out of technological transformation. The state will provide the necessary financial support to the technological transformation of the old industrial bases, but it would not be possible to depend on state support alone, since, in reality, the state is unable to shoulder the whole burden. The ways to solve the problem of funds are: 1) Dependence on self-reliance and regeneration and doing the utmost to tap the potential of the self-retained funds; and 2) through reforming the investment methods and the currency structure and making policy readjustments, arousing the enthusiasm of various sides and opening up diversified forms of raising funds so as to collect funds that have been scattered and put them to more effective uses. For this purpose, the direction of investment should be first suitably readjusted, nonessential capital construction should be further reduced, and the proportion of technological transformation in fixed asset investments should be increased. In the past several years in Liaoning Province, funds for technological transformation have been increased over 50 percent of the fixed asset investments. This still seems to be inadequate and preparations are being made to increase them by over 50 percent during the Seventh 5-Year Plan period. Second, it is necessary to gradually readjust the depreciation rate of the fixed assets of enterprises. In our country, the renovation period for the equipment of industrial enterprises is over 100 percent longer than that in the economically developed countries. Moreover, due to factors such as the rise in the price of the original materials, value compensation for the original assets cannot meet compensation in kind. Hence, it is absolutely necessary to suitably raise the depreciation rate of the equipment of the enterprises. However, in consideration of the current financial condition of the state, we may select those industries and trades, such as the electrical machinery industry and others, which can lead the whole industry in technological transformation on a trial basis first and follow up with gradual expansion to other industries in accordance with financial conditions. Third, we should appropriately open up and enliven the currency markets and mobilize the whole country's financial strength to take part in technological transformation. In recent years, following enlivening of the economy, the potential of funds outside the state budget has been vast. After having been established for only several months, the Dalian Municipality Investment Trust Company has been able to raise several tens of million yuan as funds for the technological transformation of the enterprises. If we can only widen our vision, we can open up diversified channels for sources of funds. In raising and procuring funds, we should follow the state's currency policies and accept the guidance of the currency departments. The concrete forms for raising funds are many and diversified. Investment trust companies may be organized according to regions or industries or trades. The method of "compensation trade" and other cooperation schemes may be adopted. Also, within a specified scope, stock certificates may be issued, and other methods may be followed. In addition, the policy of using foreign exchange should be appropriately liberalized. In particular, in regard to enterprises which can earn much foreign exchange and which

urgently need the introduction of foreign technology, their foreign exchange retention rate should be suitably raised and they should be given definite autonomous power in the use of foreign exchange. As for large enterprises and old enterprises which have the necessary qualifications, they should be allowed to directly use foreign exchange to introduce technology. In short, if, through the reform, we can lose no opportunity to readjust well the relevant policies, it will certainly be possible to expand the sources of funds, speed up the steps of technological transformation of the old industrial bases, and thereby make new contributions to the four modernizations.

/6091

CSO: 4004/28

EXPLORATIONS IN AND CONTRIBUTIONS TO BUILDING SOCIALIST CHINA--THE IDEOLOGICAL AND THEORETICAL CHARACTERISTICS OF VOLUME 2 OF THE 'SELECTED WORKS OF LIU SHAOQI'

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 25-31

[Article by Liu Chongwen [0491 1504 2429]]

[Text] After the founding of the PRC, we published the selected works of Mao Zedong. In the past few years, we have also published the selected works of some proletarian revolutionaries of the older generation, including Zhou Enlai, Liu Shaoqi, Zhu De, Deng Xiaoping, Chen Yun, Dong Biwu, Qu Qiubai, and Zhang Wentian. Undoubtedly the publication of all these selected works is of great significance to our study of Mao Zedong Thought as a crystallization of collective wisdom, to our study of the party's history, and to our efforts to develop the precious spiritual heritage left over by our revolutionaries of the older generation and to build socialism with Chinese characteristics.

Volume 1 of "Selected Works of Liu Shaoqi" was published in December 1981. Now Volume 2 of the "Selected Works of Liu Shaoqi" has also been published. This volume contains a total of 38 important articles written by Comrade Liu Shaoqi after the founding of the PRC (until 1965), running to more than 300,000 characters. Of these articles, 25 have never been published before. Volume 2 of the "Selected Works of Liu Shaoqi" has the following three distinctive characteristics:

First, throughout the historical period that this volume covered, Comrade Liu Shaoqi remained one of the major leaders of our party and country, assisting Comrade Mao Zedong in exercising overall leadership at the CPC Central Committee and holding posts on the first front of the central authorities. Many important decisions of the party and the state were publicized and elaborated through his reports, speeches, and articles. Some of these reports and speeches, which had had important influences, are important documents for the study of our party's theories and practice in the 17 years after the founding of the PRC.

Second, as one of the well-known theoreticians of our party, Comrade Liu Shaoqi made unremitting efforts to find the road and laws of socialist construction in China in the light of the actual circumstances of Chinese

society as well as both the positive and negative experiences of the Soviet Union and other socialist countries, and in accordance with the basic principles of Marxism-Leninism. He made a thorough study of socialist economic construction, the building of socialist political power, the ideological and organizational building of the ruling party, the contradictions of socialist society, the reform of the educational and labor systems, and so on; and he wrote many valuable manuscripts which represented his original ideological and theoretical views. These works are not only of important value to historical study but serve as an inspiration to us in our effort to build socialism with Chinese characteristics.

Third, as a great proletarian revolutionary, Comrade Liu Shaoqi held firmly to the truth, stuck to the principle of seeking truth from facts, proceeded in everything from reality, and attached importance to investigations and studies. In the initial period after the founding of the PRC, in order to study and provide guidance over the development of the cooperative economy, he made thorough investigations and read a host of materials. In preparing the political report to the Eighth CPC National Congress, he spent 2 months, from late 1955 to early 1956, listening to work reports from more than 30 central departments. After the completion of the three great transformations of agriculture, handicrafts, and industry and commerce, he made a trip south to carry out social investigations in five provinces, trying to find out about various phenomena reflecting the contradictions among the people as well as their causes, thus putting forth the specific methods to cope with these contradictions and some ideas on social reform. In the 3 years of difficulties, Comrade Liu Shaoqi went to stay in two production brigades in rural Hunan for more than 40 days to gather firsthand information, solicit opinions among the masses, and carry out on-the-spot investigations into production in rural people's communes and the livelihood of commune members. Through these investigations, he was distressed to find the catastrophe that the "leftist" guiding ideology had brought to the masses and thus made up his mind to conscientiously correct all the mistakes in the work. He voiced many opinions during that period; and, in particular, at the "meeting of 7,000 participants" held in 1962, he gave reports and delivered speeches, fully showing his courage in upholding the truth and his spirit in dauntlessly fighting against erroneous tendencies.

In brief, Volume 2 of the "Selected Works of Liu Shaoqi" is the historical records of the bold exploration in and prominent contributions to building socialist China ever made by an outstanding leader, Marxist theoretician, and selfless and fearless communist fighter of our party and country. This book not only reflects some laws and special characteristics of the socialist revolution and construction of the PRC in the 17 years after its founding but also embodies the special features of Comrade Liu Shaoqi's thought, theories, moral character, and work style. Here below I would like to brief the readers on some important ideological and theoretical views incorporated in this book.

# I

Our proletarian revolutionaries of the older generation have worked hard to discover the laws of socialist economic construction for China and have made their own contributions. Comrade Liu Shaoqi, though not in charge of specific economic work, showed great concern for socialist economic construction while assisting Comrade Mao Zedong in exercising overall leadership at the CPC Central Committee. He studied economic work from various angles and put forth many original ideas and views.

Soon after the founding of the PRC, Comrade Liu Shaoqi reminded others of a most basic fact: "As compared with the peoples of many advanced countries in the world, the Chinese people's living standards are rather low. They are very poor and badly need to improve their living standards and to lead a rich and civilized life." ("Selected Works of Liu Shaoqi," Vol 2, p 1; hereafter only the page number will be quoted) He held that it was the most basic task for the CPC and the people's government to fulfill this requirement. After analyzing the causes for the impoverished life of the Chinese people, he definitely pointed out that it was necessary to concentrate the available resources to develop a modern economy after the victory of the revolution so as to achieve industrialization and electrification in China. "This is because the development of production and the increase in labor productivity are the basis of the total material and spiritual well-being of the whole people." (p 4) He also pointed out that large-scale economic construction, once started, must be carried on forever. When programming China's economic construction, Comrade Liu Shaoqi attached great importance to the development of agriculture and light industry. He said: "After China's economy is recovered and all the available productive forces are tapped, stress must be placed on the development of agriculture and light industry in the first phase of the economic development plan." (p 5) Only when this first phase scores results will we be able to develop heavy industry as a basis and finally develop light industry in a big way and strive for the mechanization of agriculture on this basis. He also pointed out: The people's living standards can only be raised step by step along with economic development. In order to ensure better livelihoods in the future, it is necessary to practice frugality as a way to accumulate funds for the industrialization program. Here Comrade Liu Shaoqi thoroughly expounded on the dialectical relationship between revolution and construction, between the development of production and the improvement of the people's livelihood, between the development of agriculture and light industry and the building of heavy industry, and between accumulation and consumption. He brilliantly elaborated on the significance, purpose, measures, and process of national industrialization. All these views of Comrade Liu Shaoqi are mainly embodied in the first article in Volume 2--"Industrialization of the State and Improvement of the People's Livelihood." Again in the political report that he gave at the Eighth National CPC Congress in 1956, he timely and correctly analyzed the major contradictions at home in the light of the condition that the socialist transformation of the private ownership of production means had been basically completed in our country; he put forth the basic task of protecting and developing productive forces under the new relations of production, and thus further maintaining and enriching the above views.

How should the proletariat help the peasants and small producers cast off bourgeois influence and accept socialist principles after seizing political power? This is a very difficult problem of great importance. The development of supply and marketing cooperatives to compete with the bourgeoisie in winning over the peasants was a great creation by our party. Since neither the peasants nor handicraft workers can be separated from commerce, our task is to enable them to be free from the control of commercial capital. Therefore, after the founding of the PRC, Comrade Liu Shaoqi strongly recommended the establishment of consumption, supply and marketing, credit, handicraft production, and many other cooperatives and attached particular importance to the development of supply and marketing cooperatives in rural areas. In his opinion, China was a country dominated by the small-scale peasant economy with very underdeveloped commerce. In addition, protracted warfare had destroyed the old commercial network and cut off the exchange relations between urban and rural areas. In order to give an impetus to the development of the commodity economy, it is necessary to boost commodity circulation and build up a new commercial network. State-run commercial service had to be extended to rural areas, but this could never meet the needs of commodity exchange between urban and rural areas. A better method was to organize the peasants to run cooperatives with self-raised funds (private commerce was needed in the meantime). He said: These semi-socialist collective economic organizations can help the peasants to avoid the exploitation by merchants as middlemen and enable the state to keep agricultural products under control and to market industrial products. These organizations, as the links and allies of the state-owned economy, can also help small producers to understand and accept socialist principles. He conscientiously summed up the experience obtained in running cooperatives in liberated areas, presided over the formulation of the principles and policies for the establishment of semisocialist cooperatives, took part in the preparations for setting up a general leading organ in charge of operating supply and marketing cooperatives in the country, and acted as the chief drafter of the "Law on the Organization of Cooperatives of the PRC (Draft)" and the "Regulations Governing Supply and Marketing Cooperatives of China." More than 50 pieces of his relevant reports, talks, telegraphs, instructions, and letters have been preserved. Nearly 20 of these manuscripts were drafted by him in person. All these manuscripts have provided a rather complete set of theories, principles, and methods for the establishment of supply and marketing cooperatives in China, which are still of guidance value today. Volume 1 includes a manuscript entitled "On Certain Questions of Cooperatives," which concentrates on theoretical exposition.

In the final analysis, the interests of the state, the collective, and the individual coincide under the socialist system. However, there are also differences and contradictions between the three parties. How to give overall consideration to the interest of these three parties and correctly handle the relations between immediate interests and long-term interests and between local and overall interests, this is an essential question which a socialist society needs to regularly readjust and solve. Therefore, while emphasizing the development of social productive force, Comrade Liu Shaoqi paid special attention to distribution relations. For example, of the resources distributed by the state, how should the percentage for

accumulation be set, those for consumption, for military and government management expenses, for cultural and educational expenses, for different industrial departments, for productive and nonproductive personnel, and so on, all these questions need thorough study and rational arrangement. As for the distribution to laborers, it is necessary to implement the socialist principle of remuneration according to work, properly handle problems concerning the income of the workers and peasants, the salaries of primary school teachers and young workers, the living standards of state functionaries and the masses, housing, promotion, schooling, employment, and so on. If distribution relations in various sectors are properly handled and the principle of remuneration according to work is effectively implemented, the productive forces will be boosted; otherwise the development of productive forces will be hampered. Practice has proved that Comrade Liu Shaoqi's views are correct.

Managing economic work by economic means, this was a consistent viewpoint of Comrade Liu Shaoqi. When exercising leadership over the cooperative economy in the initial period after the founding of the PRC, Comrade Liu Shaoqi clearly pointed out: "The state-owned economy should exercise leadership over cooperatives by economic means, exercising leadership through relations laid down by contracts and through pricing policies rather than demanding political and legal leadership." ("Report Given to the First National Congress of Representatives of Cooperative Workers," 25 July 1950) After the socialist transformation was basically completed, to cope with the malpractice of blindly copying the Soviet economic system, Comrade Liu Shaoqi maintained that the socialist economy must be a planned economy characterized by diversification and flexibility; it is necessary to make use of free market and the law of value, expand the power of localities and enterprises to make decisions themselves, and vest in the individual a certain degree of freedom regarding economic activities. Comrade Liu Shaoqi attached great importance to the question of circulation in the socialist economy, holding that circulation is the most sensitive sector which can reflect various problems arising in production and emphasizing that in the field of circulation it is necessary to adhere to the economic rule of exchange of equal values. He also put forth a viewpoint that many production means can be circulated as commodities. In order to organize production and manage economic affairs by economic means, he put forth the idea of transforming China's socialist industry on the basis of united companies (trust). Based on his proposal, in the early 1960's, 14 large-sized trusts were put on trial for a while in China, each of which was required to carry out production according to market demand, practice a strict economic accounting system, and operate on its own. Volume 2 includes his article entitled "Run Trust as an Experiment."

## II

Whether there would still be contradictions among the people and within socialist society and how we would correctly understand and handle these contradictions after the proletariat seized political power and eliminated the exploiting classes, was a major theoretical and practical problem with which the international communist movement was faced. Comrade Liu Shaoqi

was one of the first to discuss and expound this problem. After Comrade Mao Zedong published his article "On the Correct Handling of Contradictions Among the People," Comrade Liu Shaoqi again conducted thorough social investigations and made concrete and down-to-earth studies and evaluations.

Back in 1951 when he analyzed the contradictions within state-owned plants, Comrade Liu Shaoqi put forth the concept of "contradictions within the proletariat and among the people" and the idea about the necessity of distinguishing between the two kinds of contradictions of different natures and the correct handling of the contradictions within the working class. In the article "Contradictions Within State-Run Plants and Basic Tasks of Trade Union Work," he pointed out: Contradictions between different classes and exploiting relations no longer exist in state-run plants since the democratic reform. But does this mean there are no contradictions? Everything is formed of contradictions, and state-run plants are no exception. The basic contradictions within a state-run plant are the contradictions between the plant management and the workers and between the collective and the individual within the state-run plant. These contradictions are of a completely different nature from those between different classes in a capitalist-owned plant. They are, in the final analysis, nonantagonistic and reconcilable contradictions, "contradictions within the proletariat and among the people." Thereby he made the following generalization: Contradictions, in the main, can be divided into two categories: The first category consists of contradictions which are fundamentally antagonistic and irreconcilable and the second category of contradictions are fundamentally nonantagonistic and reconcilable. It is necessary to distinguish between the different natures of these two categories of contradictions and adopt correct principles and policies to handle them. The viewpoint for distinguishing between the two categories of contradictions had long been used in our party's political life. However, Comrade Liu Shaoqi correctly analyzed and expounded on the question of contradictions under the socialist system in the light of the circumstances in state-run plants after the founding of the state under the leadership of the proletariat, and elaborated in concise terms the question of how to correctly distinguish between and handle the two categories of contradictions. This was after all an achievement of great theoretical and practical significance. It was not until 1957 that Comrade Mao Zedong, in the light of the circumstance that the socialist system had basically been established in China, put forth the question of correctly handling contradictions among the people within the whole society, and thus further elaborated on the theory on the two categories of contradictions in a comprehensive and systematic way.

After the completion of the three great transformations, Comrade Liu Shaoqi summed up the experience obtained from the international communist movement, studied the contradictions and problems existing in Chinese society, and thus deduced two basic points of view: First, most of the contradictions among the people express themselves as contradictions between the masses and the leaders, or more precisely, as contradictions between the bureaucratic leadership and the masses; second, the contradictions among the people are also highlighted in the questions concerning distribution. He said: We exercise leadership in the country and hold the leading position. Our

leaders must be responsible and are to be blamed for some unreasonable phenomena and some things that have not yet been properly handled. In society the masses may make unreasonable demands or show some erroneous viewpoints sometimes. If our leaders are free of bureaucracy, they can and should mitigate the contradictions by explaining these issues and carrying out ideological education among the masses. He cited several erroneous viewpoints regarding the handling of contradictions among the people: First, some people always think they are superior to the people; second, some people pay attention solely to mistakes on the part of the masses but not on the part of the leadership (in other words, they think the leadership is always correct); third, some people always try to solve problems by coercion rather than by persuasion; and fourth, some people treat contradictions among the people as contradictions between ourselves and the enemy. Comrade Liu Shaoqi also pointed out: Our working methods badly need to be improved to strengthen political and ideological education. The article "On the Correct Handling of Contradictions Among the People" included in Volume 2 intensively reflected his viewpoints on this question.

To cope with the situation in which the scope of class struggle had been broadened due to the "leftist" guiding ideology after 1958, Comrade Liu Shaoqi particularly emphasized that it was not only necessary to strictly distinguish between the two categories of contradictions of different natures but also between the two different methods to handle these two categories of contradictions. When summing up the experience gained from political and legal work in 1962, he pointed out: The main mistakes committed in those years were that the method for handling contradictions between ourselves and the enemy was used to handle contradictions among the people. This was the main expression of the KMT work style in our party and government. He said: If we handle the issues among the people with the dictatorship methods which are used to deal with the enemy, we will not only fail to solve the contradictions but will aggravate them instead. In order to narrow the target of attack, our party has sometimes treated some contradictions between ourselves and the enemy as contradictions among the people. Such a practice has more advantages. On the contrary, if we handle contradictions among the people as contradictions between ourselves and the enemy, we will surely make great mistakes. We used to mix up the two categories of contradictions of different natures and handle problems among the people and even within the party by the means that were used to deal with the enemy. This was exactly the important ideological origin of the "leftism" our party has practiced in the political field over the past many years.

### III

The introduction of two educational systems and two labor systems is an important viewpoint put forth by Comrade Liu Shaoqi. He made in-depth investigations and studies in these fields and wrote a host of manuscripts, and thus put forth a complete set of theories which were tested throughout the country and thus brought about important progress. This reform was suspended and miscarried because of the "Great Cultural Revolution."

When Comrade Liu Shaoqi made a trip south to inspect five provinces in 1957, he discovered the existence of a rather acute social contradiction--while the vast number of young people had an eager demand for education, the state did not have enough money to run schools and many families could not afford tuition fees. The basic reason was because our country was still economically underdeveloped, and both the state and the people were very poor. Comrade Liu Shaoqi reckoned that the young people's "desire is justifiable, and the state should try to prepare the conditions and make every effort to fulfill their demand for education." (p 323) In the very beginning he put forth the idea of work-study programs and that of schools run by local people. His ideas were later developed into the part-work and part-study system and led to an experimental reform of the education and labor systems as a fundamental solution to the problem. Comrade Liu Shaoqi said: Our country should practice two sets of major school education systems and labor systems for plants and rural areas, namely, the existing full-time school education system and 8-hour work labor system on the one hand and, on the other hand, the part-work and part-study school education system and the work-study labor system. He held that the implementation of these part-work and part-study systems would, first, help to establish more schools, make education universal, and meet young people's desire for education; second, help to solve the problem of overstaffing, set young workers' minds at rest, and increase the employed population; third, help to closely integrate the education and labor systems, and thus foster within a relatively short time a great number of educated technical workers and technicians, and college graduates; and fourth, help to prepare the conditions for the gradual elimination of the distinction between mental and manual labor, and foster a kind of new men who are different from the existing intellectuals, workers, and peasants. Comrade Liu Shaoqi held that this was exactly the early-stage integration of productive labor and education that Marx had thought about and the comprehensive technical education that Lenin had mentioned.

In order to introduce this reform, Comrade Liu Shaoqi carried out extensive investigations, repeatedly made suggestions and voiced opinions at meetings of the Political Bureau, gave reports in Beijing and some provinces and cities, elaborated, publicized, and initiated his reform proposal. He personally convened meetings on the work-study program separately for urban and rural areas, and worked out specific plans and measures. This reform initiative put forth by Comrade Liu Shaoqi was agreed to and supported by the CPC Central Committee and Comrade Mao Zedong. As Comrade Liu Shaoqi vigorously promoted, and the central authorities actively supported, the program, part-work and part-study vocational training schools developed extensively throughout the country during the period from the late 1950's to the eve of the "Great Cultural Revolution." Although the specific form and method of part-work and part-study program put forth by Comrade Liu Shaoqi were quite different from what we practice now, the direction and road of education reform that he explored are still of great significance to the reform of the education system which is currently under way.

#### IV

During his lifetime of brave struggle for the revolutionary cause of the Chinese people, Comrade Liu Shaoqi made prominent contributions to the building of the CPC, both in theory and practice. His works, such as "How To Be a Good Communist" and "On the Party," which were published in the democratic revolutionary period, still serve as important ideological weapons in our efforts to strengthen the building of the party. Again in the socialist period, he put forth many important viewpoints on strengthening the building of the ruling party, in the light of the fact that our party had become the ruling party.

Comrade Liu Shaoqi especially emphasized the necessity of sticking to the requirement of high standards for a communist. He believed that this was the key to upholding Lenin's principles on party building and to the victory of the revolutionary cause under the leadership of the CPC. Particularly after the victory of revolution, when the party's role, its tasks, and the circumstances which it was facing had changed, it was still more necessary to set stricter requirements on party members in order to prevent backward elements, speculators, and bad elements from snaking into the party, in order to ensure that the vast number of party members would stand the test after victory, and especially in order to undertake the new, great, and arduous historical missions. In April 1951 at the party's first national conference on organizational work, Comrade Liu Shaoqi gave a report entitled "Strive To Set Higher Requirement for Communist Party Members," expounding in detail on and proving the ruling party's need to raise the requirements for party members, to enforce stricter party membership application procedures, to strengthen education in communism, and to purify party organizations. He personally drew up eight conditions for Communist Party members and made them definite requirements and contents of education for party members. This was the first time for our party to officially and clearly define the criteria for party members, which became the content of general education for party members in the early 1950's. Comrade Liu Shaoqi was also in charge of the drafting of the "Resolution on Rectifying the Party's Grass-Roots Organizations," which laid down definite principles and specific measures to overcome impurities in organization and ideology in the party. That conference and the nationwide party rectification being carried out at that time played an important role in preserving our party's purity in ideology and organization, improving the party's quality, and raising its combat strength.

Comrade Liu Shaoqi always attached importance to the party's ideological and theoretical building. In view of our party's weak link regarding theoretical work and the low theoretical level of many cadres, he repeatedly emphasized the necessity of strengthening education in Marxism-Leninism within the party after the founding of the PRC. After presiding at the party's first national conference on organizational work, he presided again at the party's first national conference on propaganda work in May 1951. During the conference, he concentrated his attention on expounding on the questions on the study and propagandizing of Marxism. He pointed out: In order to build socialism and realize communism in our country, it is necessary to lay a sound ideological and theoretical basis and educate all the party members and

all the Chinese people. This is a task of our party in the propaganda field in the new situation and new conditions, as well as one of the most basic political tasks for the party. In the article entitled "Attitude on Study and Methods of Study," he profoundly pointed out: Experience is certainly a merit, but one with low educational and theoretical levels can never make great achievements. In the future, when encountering and handling new problems, we must apply the Marxist stand, viewpoints, and methods to the actual situation in China so as to find specific solutions. Those who do not know theory can never hold commanding posts. Comrade Liu Shaoqi also put forth: It is necessary to enhance our party spirit and overcome shortcomings regarding ideological style through the study of Marxism-Leninism. He said: "Without a great number of theoretical cadres, the CPC cannot possibly manage such a large country to achieve socialism." (p 52)

For a ruling party, it is an extremely important task to educate party cadres, to see that they maintain close links with the masses, and to prevent them from being derelict in duty and from making use of their power to seek personal interests. Comrade Liu Shaoqi attached great importance to the possibility of cadres' being divorced from the masses after the CPC became the ruling party. To cope with the phenomena that some cadres were enjoying personal privileges, making use of their power to seek personal interests, and practicing serious bureaucracy, he put forth that, apart from launching educational drives, it was necessary to promulgate regulations, carry out supervision, and strictly enforce discipline. He maintained that the power of state leaders must be subject to certain restrictions--what is the extent of our power when handling certain affairs? What things should not be done? And so on. It is necessary to draw up regulations to govern all these practices. He put forth an idea equivalent in substance to the annulment of the life tenure system for leading posts, citing Washington's retirement after his 8 years as president as an example. He suggested that this method could be taken as a reference. He pointed out: Staff members of all state organs must be subject to supervision; apart from supervision by the broad masses of the people, they must also be supervised by the state, therefore it is necessary to strengthen supervisory and inspection organizations at all levels; in addition, it is also necessary to consider the role of the People's Congress in supervising the government and our leading cadres, and the supervisory role of the press. He advocated the strict enforcement of discipline and held that all those cadres who seriously violated the law and discipline and were corrupt and degenerate had to be resolutely expelled from the party. Comrade Liu Shaoqi said: Our system is to oppose rather than protect bureaucracy, therefore we are fully confident in eliminating step by step all malpractices of being divorced from the masses under the people's democratic system.

After the founding of the PRC, Comrade Liu Shaoqi repeatedly emphasized that it was necessary to implement the party's principle of collective leadership and to expand inner-party democracy in all party organizations at all levels with no exceptions. In view of the phenomenon of the violation of democratic centralism in inner-party activities, he pointed out: When a party committee makes an important decision, both the secretary and the members of the committee must observe the rule of the minority being subordinate to the

majority. To let the first secretary alone decide on everything is not allowed. The party's leadership must be displayed in giving full play to democracy, in conscientiously listening to the opinions of subordinate organizations, party members, and the masses, and in skillfully solving problems by the means of democracy. Moreover, it is necessary to fully launch the drive of criticism and self-criticism within the party, especially among all leading cadres of the party. On the one hand, it is necessary to create the conditions encouraging party members and the masses to criticize malpractices; on the other hand, we must sincerely, not perfunctorily, carry out self-criticism against shortcomings and faults in our own work. Only in this way can we bring the initiative of the vast number of party members into play, put the party's political life on a sound basis, and safeguard the unity and unification within the party.

After the seizure of political power by the proletariat, the party has become the force at the core leading our country and our socialist cause. For various reasons, some comrades had mistakenly thought that the strengthening of the party's leadership meant to take on all organizational work and replace others by directly taking care of all administrative affairs. As time went by, such practices finally brought about a situation in which party work was mixed up with government administration, the party replaced the government, and the party no longer minded its own business. In order to strengthen the building of the ruling party, Comrade Liu Shaoqi suggested the division of work between the party and the government and the improvement of the party's leadership. He profoundly pointed out: Our party has long striven to seize political power. However, after we built our political power, some of our comrades do not know how to establish our political power's prestige, bring its role into full play, and set up normal order in government organizations. Because of the acquisition of power, responsible people of some party organizations have ignored the roles of the People's Congress and other organizations. Their attitude is completely wrong. Comrade Liu Shaoqi said: Although our party is the leading party of the country, we should never substitute party organizations for state power organs and other organizations. Should we do so, we would violate the people's democratic system. He emphasized that the leading people of party committees had to concentrate their attention on studying how to implement the line, principles, and policies of the CPC Central Committee, conducting investigations and studies, summing up the masses' experience, strengthening ideological and political work, intensifying supervision and inspection of the work in various fields, and doing a good job in administering party members and cadres. Only thus will we be able to effectively exercise leadership in a down-to-earth manner.

Volume 2 of the "Selected Works of Liu Shaoqi" recorded Comrade Liu Shaoqi's historical contributions to the building of socialist China and embodied the spirit he displayed in boldly blazing new trails, in engaging in practice, in upholding the truth, and in seeking truth from facts. Today, as the Chinese people are striving to carry out the comprehensive reform of the economic structure and to build socialism with Chinese characteristics

under the leadership of the CPC, the study of this brilliant work will help us to deepen our understanding of the principles and policies currently adopted by the CPC Central Committee, and will educate us and inspire us to strive for the new victory of socialist modernization with fuller confidence.

/6091

CSO: 4004/30

CITIES IN CHARGE OF COUNTY ADMINISTRATION SHOULD STRENGTHEN LEADERSHIP OVER RURAL WORK

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 31-32

[Article by Jing Ping [2529 1627]]

[Text] Of 145 cities directly under the jurisdiction of provinces in our country, there are now 126 which are in charge of the administration of 536 counties, accounting for 86.7 percent of the total of such cities. In addition to 24 counties which are directly under the 3 municipalities directly under the central government, total counties under the leadership of the cities number 560, accounting for more than 27 percent of all counties in China. On average, every city is in charge of 4.34 counties.

Placing counties under the leadership of the cities in some areas where conditions are ripe constitutes an important component part of our current economic and administrative restructuring. However, due to a lack of experience in strengthening leadership over rural work following the implementation of such a new structure in a short period of time, many cities which are in charge of county administration are considered to have paid inadequate attention to rural work and not exercised effective leadership. As a result, the advantage of placing counties under the leadership of cities is not fully displayed. For example, some cities view the counties they are in charge of as their production base for vegetables and other sideline products. When the supply of vegetables is short, they place the blame on these counties, but they do not take care of them in other areas of work. Some cities view these counties as the rear base to which their industrial enterprises that cause high pollution can be moved. Some cities exercise leadership over these counties by copying the methods only suited to urban industrial production and construction regardless of the characteristics of the countryside. Some stress that the rural areas should serve the cities but ignore the support of the cities for the countryside. Some do not open their doors to these counties and even impose economic blockades upon them. Some attach no importance to rural work, and their offices in charge of rural work are not well established. They even use funds for the development of agriculture in urban development. All this indicates that the relevant departments should take a serious attitude toward these new problems which cropped up after a number of counties were placed under the leadership of the cities.

First, we must have a correct understanding of the significance of placing counties under the leadership of the cities. The measure is fundamentally aimed at suiting the needs of economic development, changing the system of separating urban management from rural management and industry from agriculture, giving full play to the role of key cities, strengthening links between the urban and rural areas, and promoting the integration of workers with peasants, so as to form a new pattern for the overall development of the urban and rural economies. For this reason, the central authorities decided to center the counties around large and medium-sized cities and place them under the leadership of these cities. This is based on the need to accelerate the economic development in both the urban and rural areas. This helps exploit the role of key cities where there is a considerable capacity for industrial production, a number of skilled workers and technicians, and a strong sensitivity to market information. It also helps give full play to the advantages of abundant natural resources and labor force as well as wide markets in the rural areas so as to prevent industrial enterprises from being too concentrated in the cities. As a result, a certain amount of the labor force in the rural areas can be employed by local industrial enterprises, the urban and rural economies can develop simultaneously, and the workers and the peasants can work for common prosperity. At the same time, it also helps develop the key role of cities in building open and network-type economic districts of different sizes which rely on the cities, particularly large and medium-sized cities.

Counties under the leadership of the cities constitute only 27.2 percent of all counties in China, but most of them are densely inhabited and are noted for favorable natural and economic conditions. The population of these counties accounts for about 36.3 percent of China's entire population and their output value of agricultural production makes up about 44 percent of the total agricultural output value of our country. Advancing the economy of these counties, particularly their rural economy, is of great importance to ensuring market supplies in the cities and developing the rural economy as a whole. With the development of the entire national economy, the proportion of the gross value of the country's agricultural output will become relatively slight in the total output value of the national economy and the proportion of the gross agricultural output value of cities in charge of county administration will probably become much slighter in the total output value of their economy. However, this should on no account mean that agriculture becomes less important. Agriculture remains the foundation of the national economy and its function in the national economy as a whole will be more vital. The principle of taking agriculture as the foundation of the national economy should be applied in the work of cities in charge of county administration.

Second, it is necessary to improve the method of leadership of leading organs at the city level in rural work. Placing counties under the leadership of cities is not simply a change in administrative divisions and the relationship of leadership, it is a deep-going reform of the administrative and economic structure. Leaders of these cities must, therefore, change their guiding ideology and work methods. They should copy neither the previous methods of exercising leadership over counties by prefectures nor those of

exercising leadership over outskirts by the cities. They should arrange production and circulation in a unified way in line with the internal relations of economic development so as to build a network of horizontal economic ties among various areas. In particular, they should concentrate their efforts on discovering outstanding features in the work of exercising leadership over counties by cities and on developing economic ties between the urban and rural areas; in particular, they should work hard to learn how to exercise leadership. They should also make proper and flexible use of such essential factors for production as natural resources, equipment, technology, talented people, and funds in the urban and rural areas with efforts to create new productive forces by every possible means. Instead of issuing administrative orders alone, they should adopt correct policies and economic measures, use science and technology and exploit the exemplary role of models, and instead of only pressing counties under the leadership of the cities to speed up plowing and harvesting, they should render economic service first. In placing counties under the leadership of cities, it is naturally necessary to support these counties with material and financial resources in their economic development. However, what is most important is that we should tap the potential of these counties in commodity production by using advantages of the cities such as industry, transportation, circulation, and market information. Thus the relationship between cities and counties can be built on the basis of mutual cooperation, mutual support, equality, and mutual benefit by opening markets to each other.

During the Seventh 5-Year Plan period, the restructuring of the national economy as a whole with the focus on the urban economy will be further undertaken. This is an arduous and complex task which must be carried out in a systematic way. This task covers a wide range of rural work. We should by no means think that we can provide less leadership over county work because the focus of reform has been gradually shifted from the countryside to the cities. Counties, which serve as links between town and country and between the macroeconomy and the microeconomy, are actually a very important key administrative level with strong comprehensive functions. The rural reform should be carried out together with the urban reform; otherwise, the two reforms will impede each other's progress. Only when the advantages of the urban economy are combined with those of the rural economy and only when each shines more brilliantly in the other's company will we be able to get the national economy to flourish. Cities which are in charge of county administration have to provide fresh experience in this work.

Cities in charge of county administration should adopt measures to set up necessary organizations with a view to strengthening leadership over rural work, and the CPC committees of these cities should discuss rural work periodically. Meanwhile, the CPC committees and governments of these cities should have relevant well-established organs to promote rural work. In achieving unity in thought and better understanding the importance of rural work, all cities in charge of county administration should spare no effort to work out plans for the development of the cities and counties and make overall arrangements for their economies and other undertakings through careful investigation and study and by taking the whole situation into account, so that counties which are under the leadership of the cities will be able to take the lead in all areas of the rural reform.

TURNING OUT HIGH-QUALITY PRODUCTS IS THE BOUNDEN DUTY OF ENTERPRISES--A REVIEW  
OF THE CHANGZHOU DIESEL ENGINE PLANT IMPROVING PRODUCT QUALITY

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 33-36

[Article by Chen Xiaomei [7115 2556 2734]]

[Text] The Changzhou Diesel Engine Plant (CDEP) is a local enterprise that produces low-power diesel engines. It now has 2,900 staff members and workers. Its products are in short supply on the domestic market and are regarded as key export products in the sphere of small power machinery. They are being exported to 64 countries and areas in the world. Over 90 percent of the plant's products are S195 diesel engines, of which all the functional indexes are at the world advanced level. This product received a silver medal from the state in 1979, and gold medals in 1980 and 1982. In 1983, only three enterprises among the hundreds of thousands of enterprises in the country had the honor of receiving for the first time the highest award for quality control--the state quality control award. The CDEP was one of the three enterprises. This year, the relevant departments of the state and Jiangsu Province have adopted the method of random sampling quality checks to investigate the product quality of that plant seven times, but did not find any decline in product quality. On the contrary, the data from the investigation proves that the quality is better than in 1982 when the gold medal was awarded.

The reason the CDEP has been able to win four quality awards (including the quality control award) in 5 years is mainly because the plant has fostered the idea of "putting quality first" and attached importance to technological advance and scientific management.

1. Putting Quality First Is Regarded as a Vital Task of the Plant Management

The CDEP once suffered bitterly due to the poor quality of its products. During the early 1960's, the plant's technology and equipment were backward, its technological level was low, and the quality of its products was poor. Peasants sneered at the diesel engines the plant produced and called them "scraps of iron" and "rubbish." As the product quality was poor, the products were so unmarketable that the plant had to rely on its production of spades in order to pay the wages of its staff and workers. This lesson has caused the people there to deeply realize the vital importance of product quality

for their enterprise and see that if there is no guarantee of product quality, their labor is of no consequence, and that only by soundly improving the quality of their products can they radically change the characteristics of their plant. Since then, the plant has attached great importance to education about quality and to fostering the idea of "putting quality first" among its staff members and workers. It taught its staff and workers to link the quality of their products with the working class' sense of responsibility in being the masters, to regard producing quality products for society as the bounden duty of a socialist enterprise, and to regard refusing to allow any poor quality products to leave the plant as the professional ethics of the staff members and workers of the enterprise. The plant has time and again held quality control and technology study courses, made the staff members and workers throughout the plant study information about quality control and production skills in a planned manner, and paid attention to teaching the masses through actual incidents. For example, in a quality check, it was found that there was an iron nail near the end of the water-pipe of a diesel engine. This would not greatly hinder the operation of the engine, but the leading group of the plant grasped this and immediately checked all the 2,044 diesel engines that had just been assembled. They found 108 iron nails. Then it held a meeting of all the staff members and workers in the plant, repeatedly stressing the importance of product quality, examining the reasons for the incident, deciding on measures to prevent the reemergence of such an incident, and declaring that the day when the "iron nail incident" took place would be henceforth designated "plant quality day" in order to make all the staff members and workers remember this lesson well. The leading group of this plant held that in dealing with quality problems, it is imperative to "regard small problems as big ones" and grasp the problems to the end. Only by so doing can it make its staff members and workers really attach importance to quality issues and foster a relatively strong "sense of product quality." As it has persisted in conducting ideological education for a long time and adopted vigorous measures, and as its management system has been perfected and it has been strict and impartial in meting out rewards and punishment, little by little the idea that puts quality first has struck deep root in the minds of the staff members and workers and become part of their conscious actions.

Since last year, many enterprises have been pursuing output value and profits but neglecting product quality and relaxing their quality control. However, the CDEP has not been affected by this trend. All its staff members and workers have been forging ahead in order to reach the world advanced level and attain their new goals in upgrading their product quality. They have granted the plant's all-round quality control office power that is greater than that of any other office in the plant and paid attention to establishing and perfecting quality control organizations on various levels. They have vigorously supported the work of its quality control department and strengthened the quality control contingents. Quality control workers now account for 4.5 percent of the total number of staff members and workers in the plant, and their average skill grade is 7.5. The plant requires its workers to carefully carry out all the processes, make every engine they produce meet all the standards for quality products, and never resort to deception in order to continue to win gold medals. At the same time, they

have established teams to carry out random sampling quality checks, which are carried out once every week in accordance with the state standards for quality products and with the enterprise's standards for internal quality control. By so doing they can promptly discover and solve quality problems. Since the beginning of this year, the plant has sharply increased the output of its products, but it has always adhered to the principle of putting quality first and guaranteed the high quality of its products.

Will the economic results be affected when such great efforts are made to improve product quality? The plant's practice has proved that improving product quality not only will not reduce the economic results, but is a basic condition for the attainment of optimum economic results. In the past, the reject rate of its castings was very high and this greatly affected the cost of its products. Since it grasped product quality, the reject rate was reduced to 8 percent, a relatively satisfactory domestic rate. A reduction of 1 percent of the casting reject rate means a savings of 210,000 yuan for the plant in 1 year. According to the state's policy of allowing higher prices for products of fine quality, the price of a quality product is allowed to float up by 20 percent. This has also increased the enterprise's income. What is even more important is that the better the quality, the more marketable the products. Over the past year, tens of enterprises of the same kind have been competing with one another fiercely on the domestic market, but the plant's products have always been in short supply. Our peasants always speak highly of the diesel engines produced by the CDEP. They choose CDEP's products whenever they go to buy diesel engines at farm machinery companies. Many enterprises have also vied with one another to use the plant's diesel engines in their machines because this will provide conditions for the fine quality of the machines they produce. CDEP's products also have a good reputation abroad. In bidding for the supply of diesel engines invited by the Thai Government, CDEP's products defeated all other products and won the contract. The Japanese Yangma [3152 7456] Company, a company which is well-known for the manufacture of quality diesel engines, has taken the initiative to conduct technological cooperation with CDEP.

With its quality products, CDEP has gained a reputation for the state and itself and opened up a path for itself to take off. Over the past 6 years, the plant has simultaneously raised its output, output value, and profits by an average annual rate of increase of over 12 percent. Its tax payments have ranked first among all the enterprises in Changzhou city. During the 6 years, the plant has not only won four national quality awards but also earned profits equal to the value of five other factories on the same scale as the plant. The plant has quickly developed new varieties of products. It has increased the variety of its products from 4 varieties of 2 types to 26 varieties of 4 types. These can be used as engines for walking tractors, simple tractors, ships, water pumps, generating equipment, and many kinds of machines for agricultural and sideline undertakings. As production has developed, the cultural and living conditions for the staff members and workers in the plant have also greatly improved. The plant has built a beautiful auditorium and a spacious canteen. This year, it has also built an education building, a building for scientific and technological activities, and five residential buildings for its staff members and workers. Last year,

most of the staff members and workers in the plant had their wages raised by one grade. The vast number of cadres and workers of the plant are proud of the good operations of their enterprise. Through their personal experience, they really understand that ensuring product quality is the foundation for the all-round satisfactory economic results of an enterprise. An economic result that has been achieved without paying attention to product quality is not a genuine economic result. If a factory increases its output at the expense of its product quality and thus pursues high output value and profits, it will not profit in the long run even though it may benefit for the time being. If it lives on selling scrap and substandard products and deceiving the consumers, it will not only counter the professional ethics for socialist enterprises, but will also ruin its future. Pursuing a sound growth rate on the basis of ensuring product quality is the only correct way for the development of an enterprise.

## 2. Exercise Deep and Sustained All-Round Quality Control

Strengthening enterprise management is a guarantee for improving product quality. Under the guidance of the idea of putting quality first, CDEP has made great efforts to study and apply the scientific management of all-round quality control. Over the past few years, in order to upgrade and ensure the quality of its products, it has focused on grasping the following aspects of its work:

First, it has practiced management by objectives. It has ensured that there was an objective for each year and thus made new breakthroughs in improving its product quality every year. Each year CDEP draws up an objective for upgrading its product quality in light of the actual quality of its products and sets concrete qualitative and quantitative targets. In 1979 it raised the goal of catching up with the Yangma Company and winning a silver medal and set 19 specific targets for the achievement of that goal. In 1980 it raised the goal from catching up with to surpassing the Yangma Company and winning a gold medal and fixed 16 specific targets. Since 1981, it has set the goal at winning another gold medal and striving to create a brand well-known in the world. It requires attaining "three increases, two reductions, and one change." This means: increasing the length of operating time without breakdowns for products, making the products cleaner in operation, increasing the torque reserve coefficient; lowering fuel and machine oil consumption and reducing noise level; and improving the appearance of the engines, the painting, and the packaging. There are quantitative targets for all the objectives which all levels are required to attain. They have drawn a chart of management by objectives that contains the objectives and the measures for attaining these objectives formulated by the management at the plant level. For each objective or measure, a person is designated to be mainly responsible for the attainment or implementation. Then the plant assigns these objectives and measures to its workshops and offices. Each workshop or office then draws up its own plan and clarifies its own management objectives. By so doing, the objectives are divided up level by level and responsibility for them is assigned level by level to ensure that every section and person is clear about responsibility. By so doing, it has ensured the improvement of its product quality year by year. For example,

the state fuel consumption standard for fine products is 185 grams per horsepower-hour. At present this index for the products of this plant is lower than 180 grams per horsepower-hour, and this is relatively advanced on a world scale.

Second, it has adopted effective measures to strengthen quality control in its production processes. Good product quality is the result of satisfactory design and production and does not result from the final quality check. All-round quality control requires eliminating the emergence of poor quality products in the process of production and implementing the principle of regarding prevention as the core and combining prevention and quality checks. In this area, in addition to ensuring the quality of raw, processed, and supplementary materials and ensuring the technological foundation, CDEP has mainly grasped the work of ensuring the quality of all processes and the quality of all contracted parts.

The quality of processes is the key to ensuring the quality of all the parts and the assembled products. CDEP has formulated quality standards for each process and set up quality control centers for all the key processes in the plant. It applies statistical methods, conducts periodic quality inspection by sampling a set number of items, makes calculations, and draws charts in order to judge and control the stability of its product quality and prevent the emergence of products of unsatisfactory quality. It also adopts effective measures to strengthen the management of the quality information at worksites and thus ensures the prompt feedback of quality information. It has also paid attention to rationally organizing its production processes and industrial line. In 1983, it spent half a year carrying out a major reorganization of its production processes under the precondition of ensuring the fulfillment of production tasks, and it moved 3 workshops consisting of 15 production lines and 207 pieces of equipment, thus greatly shortening processing and solving the problem of duplicated transportation of parts during which parts might collide with one another and become damaged.

Following the path of specialized cooperation and combination is the only way for our enterprises to improve their product quality and carry out expanded reproduction. However, a problem in the quality produced by a factory in cooperation with the plant will affect the quality of the assembled engines and may even undermine the plant's reputation for quality products. The S195 diesel engine consists of 360 parts, of which CDEP only produces 12. Some 164 of these parts are produced in coordination by 58 factories inside and outside the city, and the other 146 are produced by 5 branch factories (all of which are township and town enterprises) that were set up this year. In order to ensure the quality of the contracted parts, CDEP has invited the comrades who are in charge of quality control in these factories to the plant, explained to them the quality targets, and asked them to jointly draw up standards for internal quality control and acceptable quality checks. It has also sent technical workers to these factories to help establish strict quality control systems and jointly tackle major technological problems. It has also helped branch factories carry out technical training and organize the management workers to learn information about all-round quality control. By so doing, it has ensured that all the

contracted parts meet the state standards for quality products and the plant's internal control standards.

Third, it has perfected its quality control systems. In carrying out the work of grasping the quality control in the process of production, CDEP has formed relatively integrated quality control systems throughout the plant from casting through heat-treatment, machine-processing, assembly, and support workshops. It has established 53 optimal work flows for its work departments, formulated quality control regulations that consist of 157 chapters and 537 clauses, and thus taken all the work in the enterprise in the quality control system and strived to realize the regularization, standardization, and systematization of its quality control work.

CDEP has also combined the work of quality control with the implementation of the economic responsibility system and conducted strict evaluation and strictly meted out punishment and rewards. This year the plant has widely implemented diverse forms of the contracted economic responsibility system, clarifying the qualitative and quantitative requirements for the assigned responsibility for all units. Except for some targets that must be earnestly ensured, the plant only assesses its workshops by three targets related to product quality, output, and costs. Of these targets, the target of product quality accounts for 75 percent of the total assessment points. The workshops heighten the responsibility targets and then assign them to all work teams and individuals. As product quality is directly related to the personal interests of its staff members and workers, ensuring product quality has already become part of the conscious actions of all the staff members and workers in the plant.

### 3. Speed Up the Transformation of the Old Plant and Achieve Better Quality Through Technological Advance

Advanced technology and equipment are the material conditions for improving product quality. Under the condition of the daily expansion of production, in order to ensure the quality of the products in mass production, we must attach great importance to technological transformation, intensify the specialization and automation of the enterprises, and reduce the impact of human error as much as possible. This is further experience that CDEP has gained.

CDEP has conducted a protracted war to reduce manual labor and arm itself with highly efficient advanced equipment. At the beginning, it substituted machines for manual labor. For example, it substituted machine mold-making for manual. Then it substituted specialized machine tools for ordinary machine tools, and thus gradually switched from the primary processing method of "one man, one machine, one knife, one process" to the method of "simultaneous lathing with several knives, simultaneous milling with several cutters, simultaneous boring of several holes, simultaneous drilling of many holes, and simultaneous tapping." Then it developed in the direction of setting up assembly lines with specialized machines, developing highly efficient multi-functional combined machine tools, and setting up automatic and semiautomatic production lines. It gradually applied robots, electronic technology, program

control, fluidics, pneumatic technology, ceramic shaping, and other new technology and thus pushed its technology up to a new high. Since 1978, it has focused on solving the problems related to its technological flow, parts damage, and cleanliness of products in light of the need of producing quality products, made another batch of highly efficient specialized machines, developed four automatic production lines, and strengthened the weak links in their production. Through years of efforts, it has made and transformed 551 pieces of specialized equipment and established 10 automatic production lines and 13 assembly lines with specialized machines. A closed and clean production process has already emerged in its assembly workshop, which now turns out a diesel engine every minute. Through technological transformation, it has radically solved the critical problems related to the cleanliness of diesel engines and the precision of parts that affected product quality for so long. As a result, it has maintained a stable rate of over 98 percent for the parts and assembled products that are up to standard and a rate of 100 percent for the key parts that are up to standard.

Production technology is vital to product quality. In order to improve product quality, CDEP has paid great attention to technological transformation. It directly regards the advanced standards of similar products in the world as the targets to meet and surpass. Comparing their own products with the imported samples, it has found the problems related to starting, noise, and appearance in the diesel engines it produces. It has traced the sources of these problems, analyzed the technology of the parts and components of its products one by one, arranged the work of tackling major technological problems, and formulated improvement measures. Through over a year of efforts, it has solved all these problems.

In the process of technological transformation, the plant has paid attention to proceeding from reality and attached importance to learning from the advanced technology at home and abroad. It has thus learned from other people's strong points and then developed them in light of the reality at the plant. During the transformation, it has persisted in drawing up all-round plans and making all-round arrangements, combined immediate needs with long-term needs, grasped principal problems, and given priority to grasping the projects that require little input, that bring about quick results, and that urgently need transformation, and thus used its limited financial and material resources in its key projects and enabled each and every technological transformation project it has started to achieve results. In light of the plant's characteristic of having few technological workers and many old workers, the plant has adhered to the principle of combining technical workers with ordinary workers, roused workers to carry out technological transformation, and formed a technological transformation network that combines specialists with the masses of workers throughout the plant in nearly 100 groups that carry out routine activities of tackling major technological problems. As a result, the situation of "people vying with one another in putting forward schemes and everybody stretching his brain to carry out renovation" has emerged. For example, Shi Jieren, a quality control worker, and others successfully developed a high-precision comprehensive crank test instrument which can measure 36 pieces of data about a crank in 45 seconds to an accuracy of 0.001 millimeter. In the past, it took a skilled worker

more than 2 hours to measure one crank with the accuracy of only 0.01 millimeter. The successful development of this instrument has enabled the plant to check all the cranks and thus fully ensured the quality of this key part. During the past 6 years, CDEP has completed 843 projects of technological renovation and transformation, of which 381 were major problems in quality and for which the direct economic results have amounted to 1.5 million yuan.

/6091

CSO: 4004/28

LET IDEALS STRIKE ROOTS IN PRACTICAL SOIL--THE RISE OF GONGQING CITY AND ITS ENLIGHTENMENT FOR US

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 37-40

[Article by Gan Xuan [6373 1357]]

[Text] The pioneers of the state-owned Communist Youth Reclamation Farm in Jiangxi Province have already persisted in doing reclamation and farming work along the bank of the Boyang Hu for 30 years. Over the past 30 years, they used their hands to turn an unmarked barren hilly land covered with reeds and oncomelania and haunted by beasts into a rich and prosperous rising socialist town full of vitality. Now, there are rows of tall, beautiful buildings and broad and clean cement roads leading to all corners of the town. These roads are dotted with parks which are brightly lit by beautifully shaped street lamps. In this town, there is the nation's largest feather-goods factory; the biggest brewery in south China; a meat, poultry, and egg export production base with advanced equipment and fine technology; all-inclusive systems of commerce and service trade; full sets of basic facilities for a modern city; educational institutions from kindergartens to a college; and diverse kinds of institutions to carry out research and develop new products. At present, the structure of its undertakings has already initially taken shape in the form of a comprehensive agricultural, industrial, and commercial economic system with an agricultural and sideline products processing industry as the core and with the all-round development of agriculture, forestry, animal husbandry, sideline undertakings, and fishery. The town's products are exported far away to 36 countries and areas in the 5 continents in the world and sold in the 29 provinces, municipalities, and autonomous regions at home. Since 1979, its industrial and agricultural output value has risen at an average annual rate of 25.6 percent, and reached 61.05 million yuan in 1984 (it may reach 100 million yuan this year). Its per capita productivity was five times more than the national average in the reclamation farm sector. Its per capita industrial and agricultural output value is 1,600 percent higher than that of Jiangxi Province. In the 6 years from 1979-1984, it paid the state over 20 million yuan in taxes, profit delivery and interest payments, an amount equal to 13 times the state's investment in it in that period. Since 1979, the per capita income of the staff and workers there has risen by 8.4 percent a year on average. The per capita gross national product of the farm was 2,350 yuan in 1983 (3,086 yuan in 1984). Now the living standards of the more than 6,000 staff members and workers in the whole farm

has already reached the level of "being comparatively well-off." When Comrade Hu Yaobang made an inspection tour in this town last year, he named this prosperous town "Gongqing City" ["Communist Youth Town"].

When people are moved by and admire the rise of this new town, they cannot help but ask what has caused the youths there to have such great strength. If we merely review what these youths have gone through, we will find that the answer is very clear: The source of their tremendous strength in transforming the world is their lofty communist ideals. Once these ideals have become their faith and struck their roots in practical soil, it will bring about magnificent achievements.

The pioneers of the communist youth farm voluntarily formed with great enthusiasm a reclamation group of 98 youths in 1955, a high tide year in the construction of our country's First 5-Year Plan. With the enthusiasm and desire to reinvigorate their motherland, they carried the banner of "march toward difficulties and turn barren land into good farm land" that the Shanghai Municipal CYL Committee gave them, came to the barren land on the bank of the Boyang Hu, built camps and settled down on the Jiuxian Ling, and established the first advanced agricultural producers' cooperative in Dean County. One and a half months later, Comrade Hu Yaobang, who was then first secretary of the CYL Central Committee, came to visit them and encouraged them to become "good children of the motherland" "who have the aspiration to go anywhere" "to fight for communism." His sincere words raised their mental attitude and further heightened their consciousness in fighting for communism. This ideal and faith has always been the spiritual strength for them in overcoming difficulties and working unremittingly to make themselves prosperous. In the bitter coldness of the winter in 1955, they wore thin clothes to fight a battle against nature with their hoes. They lit a fire on the barren land, sang their work songs loud like a magnificent work symphony and awakened the land that had slept for millions of years. Through a winter of hard struggle, they reclaimed over 300 mu of land and sowed the seeds of their hope.

These youths thus set out on the path of hard struggle. However, they still had to undergo grim tests in order to turn their communist ideals into actual achievements in reality. During the turbulence later, the reclamation group was several times in great difficulty. In 1957, only 2 years after the establishment of their cooperative, and before the collective economy had established a sound foundation, the upper level decided to abolish the cooperative and move the youths to Jinhua to set up a state communist youth reclamation farm together with some cadres who had been transferred to the lower level to do manual work. Soon after the farm was set up, in 1958, it decided that the farm be merged with Jinhua People's Farm. For over 10 years, the farm and the commune "ate out of the same big pot" and failed to solve their conflicts for a long time. In 1969, the farm had to separate itself from the commune and moved from Jinhua to Nanhua to reclaim land and reestablish a farm there. But a flood came and nearly ruined these youths. They relied on their hands, built straw huts, reclaimed land, bred ducks, and thus tided over the difficulties. Then there was the "Great Cultural Revolution" and the practice of abolishing state

reclamation farms was in vogue in Jiangxi. The communist youth farm was ordered to dissolve and the staff and workers were told to find a way out themselves. What was to be done? Did they have to give up what they had been pursuing? Through 3 days and nights of discussion, they decided that they would not remove the banner of the communist youth farm and had to persist in holding up this banner. They recognized the farm themselves despite the upper level's nonrecognition! They persisted in refusing to dissolve the farm. It was not until 1973 that their farm was again registered as a state agricultural and reclamation enterprise. During these years of turbulence and hardship, some of these youths were branded as rightists because they adhered to truth; others died young in hard labor; still others were criticized and imprisoned in the 10 years of turmoil because they persisted in carrying out the undertaking of communist youths.... In the face of such grim reality, some of the members of the reclamation group were depressed, hesitated, and were perplexed and even left the reclamation group. But those who had sworn to adhere to their chosen course did not waver in upholding their ideals but persisted in carrying out the undertakings of the communist youth farm. When they moved their farm, they always brought with them the signboard on which were the words that Comrade Hu Yaobang wrote for their farm "communist youth cooperative" and erected it at each new site, brought with them the notebooks in which he wrote inscriptions, and stitched the banner "march toward difficulties and turn barren land into good farm land" given them by the Shanghai Municipal CYL Committee to their cotton-padded coat in order to preserve it. They regarded these as the mental pillars to encourage them to unite as one in carrying out the struggle, tiding over the difficulties, and adhering to the undertakings of the farm. It was precisely these firm ideals and faith that enabled them to endure the hardships, go through the setbacks, and never stop their progress.

During the turbulence and blows of the changes in the structure, these young people learned a truth, namely, the communist ideals by no means signify poverty and poverty was incompatible with communism. Therefore, they continued to explore a way to overcome poverty and lead a happy life. Still, this exploration required faith and courage. They resisted the criticism which described them as "deviating from the principles and line" and "failing to grasp revolution" and focused on thinking out ways and making efforts to develop their production. From their personal experience, they realized that because of the restrictions of the traditional methods of agricultural production and the fetters of the old conventions of the state farm in the past, they failed to turn their advantages in resources into economic advantages. In spite of their sufficient labor resources, they failed to fully tap their potential. Therefore, in order to develop their productive forces, they must carry out reform. Therefore, while satisfactorily grasping their agricultural production, they began to develop the industry to process ducks, duck feathers, and grain. One by one, they set up their duck processing factory, feather processing factory, brewery, and other agricultural and sideline products processing factories. Gradually, they changed the previous practice of being engaged in the production of raw materials alone, were finally able to develop undertakings other than agriculture on the basis of their agricultural production and began to embark on the route of combining agriculture, industry, and commerce. They underwent the risk of being persecuted as

"capitalist roaders" and began to first implement an agricultural responsibility system characterized by "fixed quotas, assigning responsibility, and giving rewards," and then a bonus system in their industry. Then they implemented a financial contract responsibility system in their financial work, and a contract system in its labor management. By so doing, they have gradually broken the fetters of the old pattern in their work of agricultural administration and management. Their practice undoubtedly caused them to be criticized in the years when "leftism" prevailed. In those years, rejecting the rich and cherishing the poor was the only correct course. Therefore, the upper levels sent people to talk to the people there, audit the accounts, and order them to stop their work. It also created various difficulties for them. However, the people there firmly believed that in order to realize the beautiful ideal of communism, they had to start immediately from that time, and had to start with developing their productive forces, that it was by no means an offense to develop production, and that developing production was the demand of the communist cause. Therefore, they not only did not flinch, but resolutely wrote the following words: "It is glorious to pioneer a cause, but shameful to fail to keep up the cause competently or even ruin it." In the arduous path of developing production, the communist youths there have broken one obstacle after another and strived with all their might. By so doing, by 1978, the Communist Youth Reclamation Farm had increased its grain output by 1,900 percent, its agricultural output value by 550 percent, and its industrial output value by 3,000 percent over 1969. This created the conditions for the economy of the farm to take off after the 3d Plenary Session of the 11th CPC Central Committee. In the autumn of 1978, the Communist Youth Reclamation Farm was selected as a pace-setter in the nation's reclamation farm sector and as a national New Long March Youth Shock Brigade. When Comrade Hu Yaobang learned this happy news, he wrote another signboard for the "Communist Youth Reclamation Farm."

Only those who both fully cherish ideals and soundly carry out the struggle to transform the world can understand the objective laws that govern the development of history, feel the pulse of the times, and grasp the orientation of the progress of the times. This is the fundamental reason why the members of the Communist Youth Reclamation Farm have always been able to be closely in line with the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee.

The 3d Plenary Session of the 11th CPC Central Committee and the various principles and policies that have been formulated since it have enlightened the members of the farm and made them feel that they have been freed from the previous fetters. They said with emotion: "We have longed for this for over 20 years and finally have got such good policies." Since then, they have carried out their political and economic structural reforms with even greater speed and made a series of new decisions: They stipulate that there is a probation period of 1 year for every cadre at any level, that a cadre can be appointed to his post or removed from his post at any time, and that there is no lifelong tenure of office. A basic wage is paid to a worker if he fulfills the mandatory production quota and a piece-rate premium is paid for any extra-quota production. With this wage system, they have eliminated the practice of "eating out of the same big pot." The farm recruits workers by

contracts, paying equal wage for the same kind of jobs. It recruits specialists from other areas and gives them preferential remuneration.

In our society, some people pit communist ideals against the current policies, but for the members of the farm, the two are entirely consistent with each other. In the course of their reform, they have always adhered to the general goal of communism and the socialist principles and prerequisites. For example, in enlivening their enterprises, on the one hand, they have established and perfected diverse forms of economic responsibility system in the light of the characteristics of the operation and the conditions of production in different trades and types of work in production and thus combined responsibility, power, and interests and closely linked the staff and workers' labor remuneration with the enterprises' economic results. On the other hand, they have adopted the method of providing job opportunities to all the members, assigning jobs in the light of people's strong points, letting members whose family income is relatively low take part in the work in the units that earn much income, and the method of making their industrial enterprises appropriately subsidize the agricultural ones and making old enterprises appropriately subsidize new ones and thus struck a rational balance between the income of different families and between the income of different trades and enabled the income of all families and trades to rise simultaneously without too great a disparity. The members of the farm can never forget the major principle that the wealth created by a socialist state-owned enterprise first belongs to the state and second belongs to the people and that what differs socialism from capitalism is that in socialism, people become rich together and there is no polarization. Pursuing diverse forms of individualism and cliquism in deviation of the above fundamental principle runs against our ideals. Since the 3d Plenary Session of the 11th CPC Central Committee, in order to help the agricultural and reclamation farm sector which suffered serious destruction during the 10 years of turmoil, the state has implemented a special policy for the enterprises in that sector, assigning them contracted financial responsibility, making them shoulder sole responsibility for their profits and losses, and allowing them to retain all new increases in income for their own disposal.

The members of the farm have proceeded from the interests of the whole country and people, and continued to deliver about 13 percent of their profits to local finance. They have allocated 60 percent of their retained profits to accumulation and 40 percent to their consumption funds. Under the precondition of ensuring that the income of the staff and workers rises year by year, they have spent most of their consumption funds in developing collective welfare and have never found excuses to pay bonuses in kind or cash to the staff and workers in violation of the regulations. The farm always teaches the cadres, staff, and workers not to believe that "money is all powerful," and tells them that socialism and communism cannot be bought by money but must be created by their hands, and that they should rely on their spirit as masters of the country and communist labor attitude to create socialism and communism. When the members of the farm establish some collective welfare, they consciously discard the outdated bourgeois ethic of "working for money," voluntarily take part in the work to increase production and reduce expenses and build up their own welfare. For example, their "home of youths" which

occupies 10,000 square meters of land and is the largest, most diversified in contents, most beautiful, and most comfortable in the whole province, has been designed and built by the youths there themselves, who did 10,000 person-times of voluntary labor to increase production and reduce expenses by 100,000 yuan and spent 1 year in building it. The members of the farm have become rich, but they have not forgotten that the production of the rural areas around the farm is still underdeveloped and the living standards of the people there are still low. Therefore, they regard as their duty to help promote the development of economy in the rural areas around the farm. When the farm carried out economic cooperation with the people in nearby rural areas, it taught the cadres, staff, and workers to display the communist work style and observe the principle of equality and mutual benefit and even the principle of letting the people benefit first. The farm has moreover adopted the method of providing funds, supplying seedlings of good breeds, and passing on technology to help the rural masses of people jointly follow the path of becoming rich through hard work. In taking part in market competition, it teaches the cadres, staff, and workers to observe communist professional ethics, to adhere to the principle of winning by fine quality and reputation and never to engage in unhealthy practices that harm the interests of the state and consumers. With their actual deeds, the members of the farm have proved that in the course of the reform, opening up, and enlivening today, adhering to communist ideals and implementing the party's current policies are consistent with each other and are not in conflict.

Under the guidance of communist ideals, the communist youths are firm, indomitable, unremitting, and progressive and have made remarkable achievements. But they have not been carried away by the loud praise around them. People who really fully foster communist ideals not only pay attention to things today, but will also fix their eyes on tomorrow and listen attentively to the call of the future. This is precisely the characteristic of communist youths. The development of their undertaking is exactly the process of continuously pioneering and forging ahead. They said with pride: "Our undertaking must develop continuously. Our first key marketable product is pressed salted duck, the second is eiderdown products. However, we also prepared to manufacture our third key marketable product--beverages which contain low alcohol. The fourth key marketable products are lean-meat pigs and dairy products.... We should turn the communist youth farm into a food and clothing industrial base focusing on providing food, drinks, and clothes. For this purpose, we should acquire technology and equipment from at home and abroad.... In the latter half of this year, we will have microcomputers installed, participate in the world information network and have good access to the information of the whole world. We are working today with our eyes fixed on the future!" "Work today with our eyes fixed on the future." This slogan embodies the spirit of our time which we ought to cherish.

The path which the communist youths have followed is a rough and bumpy path and is also a path of working unremittingly to make ourselves prosperous and striving with all their might to pioneer a new cause. Their practice in pioneering a new cause has told us that ideals should strike roots in practical soil. This is always true no matter whether we are in a poor,

backward, and difficult environment or we are making progress on a prosperous road. It is precisely this practice of integrating ideals with reality that has enabled our party to overcome numerous difficulties and dangers and to overturn the dark old world during the years of our revolutionary wars. Similarly today, as long as we let the lofty communist ideals strike roots in the current practical soil, we will certainly usher in an even brighter new world in our magnificent motherland.

/6091

CSO: 4004/30

### THREE QUESTIONS ON SEEKING TRUTH FROM FACTS

Beijing RED FLAG in Chinese No 24, 16 Dec 85 p 41

[Article by Cao Meng [5430 5492]]

[Text] As the end of the year approaches, and we have the chance to chat with old friends again about the situation, we have all come separately to similar conclusions; the present trend of energetically encouraging the practice of seeking truth from facts and conducting investigations and studies is one of the reasons for the good situation at present. There are three things I would like to mention on the subject. Throughout our massive and rich territory, from the extreme north to the southern borders, we can see the footprints left by many leading comrades (including our elderly party and state leaders, and grass-roots cadres). They have been visiting military camps, touring factories, going into peasant homes, coming to an understanding of the situation, and solving problems. Through them, the people are made aware of the Marxist ideological line--seeking truth from facts, and the glowing spirit of taking reality as the starting point. Thus are many problems solved.

There is a Tang Dynasty poem: "If you are looking for jade, go into the mountains; if you are seeking pearls, dive into the sea." A newly appointed county party secretary's comment served as a perfect footnote to this poem. He said: In order to be an honest, unhypocritical leading cadre, you must first go deep into reality, and come to an understanding of the facts. This is very true. If you do not "sink" in this way, but instead keep a distance between yourself and the real lives of grass-roots people, you will never be anything more than a highly incompetent leader.

It is by no means an easy thing to genuinely go deep into reality. Some people may throw their "bodies" into reality, but their thoughts remain in the ivory towers or little courtyards; or, though they do go deep into reality, they are not really willing to seek "truth" from "facts." Not long ago, I came across the following incident: The higher authorities, wanting to see how a new cadre was getting along, sent an examiner down to visit him. He found an eloquent, honest comrade with strong party spirit. When he talked of the examinee's strong points, the examiner noted it all down enthusiastically, but when he mentioned his shortcomings, the examiner looked unhappy and was unwilling to write anything down. Because of this, the

meeting almost broke up in discord. How many of us have not seen the bad consequences of this sort of "purchasing agent" type investigation? It is a false investigation born of an incorrect party line. This sort of "investigation" is not what we want; it produces not truth but falsehood.

A Ming Dynasty writer, Lu Rong, wrote a record entitled "Zhou Chen's Concern for Public Affairs" which I have never forgotten since I read it. Zhou Chen was a minister who went on an inspection of the southern provinces. He "had a record book, in which he noted down everything that happened on his journey, down to the smallest detail good and bad." One day, when a grain boat was capsized in bad winds, he noted down the time, place, and wind direction.

Zhou Chen's spirit of seeking truth from facts is to be valued. Of course his enthusiasm and dedication cannot be mentioned in the same breath as the realism we are stressing today.

Some time ago, our attention was drawn to responsible comrades all over the country going into higher education institutes, exchanging thoughts and engaging in direct dialogue; it was a moving scene. One particularly vivid account was given of a weekend the Guizhou provincial party secretary spent with some Guizhou university students. Comrade Hu Jintao made great efforts to find out how the people's lives were going, and when discussing the question of party rectification, he pointed out: First, we must grasp education among party members concerning party discipline and state laws, second we must be an example for them, and third, leading cadres should take the lead. Fourth? He sincerely pointed out: "Students also bear a responsibility; they cannot just stand on one side complaining; they must make active efforts to suppress unhealthy tendencies." Finally he exhorted the young people: "The turn for the better in party style represents the will of the people and an historical trend; it needs the confidence of the students." This sort of work brought good results. It can be seen, then, that as long as leaders go deep into the grass roots, find out about people's real feelings, and take their findings as the starting point of their work, "no difficulty is insurmountable if one sets one's mind to it," and the people are bound to find faith in the notion that the turn for the better in party style is by no means unattainable. I am optimistic.

/6091

CSO: 4004/28

NEWS ABOUNDS IN SMALL TOWNS--READING 'ON THE FENGJING ROAD,' A MEDIUM-LENGTH NOVEL BY CHAO QING

Beijing RED FLAG in Chinese No 24, 16 Dec 85 p 42

[Article by Yan Gang [7051 4854]; "On the Fengjing Road" is carried in DONGHAI [EAST SEA] No 8, 1985]

[Text] On a scenic road, people see not only scenery, but also the manners of the time.

"A stream 10 li long with green pines and bamboo lining it all the way." The ringing of bells mingles with music, smoke rises, and people in colorful clothes and with pious faith come in an endless flow of vehicles. It is a colorful scene with all kinds of people. A few job-awaiting women plunge into the torrent of tertiary industry and thus cast their images on the grand stage of life which is prosperous and busy amid economic reform. Li Yanfang is prominently talented and as beautiful as a flower. By her slim appearance and sweet and attentive service, she makes herself a very skillful shop assistant. Jin Hua, a married woman older than Li Yanfang, already wears two heavy gold rings on her fingers and her yellow face has become plump and smooth-skinned.

The prosperity in the market gives the quiet small town a distinctive flavor. A wide variety of things have emerged on the scenic road. There have been changes. The world has changed along with the passage of time. Now, people's life expectancy has been lengthened and their living standard has been improved. Foreign and native things have become mingled. As a result, people in exotic costume are mixed with traditionally dressed pilgrims. Rich people who have come by car are seen next to old village women holding bamboo sticks. Fashionably dressed women or youths in jeans fall on their knees in front of the Buddha or kowtow at the Buddha to ask their fortune by drawing lots. Rustics wear Western-style woolen clothes. People dressed in second-hand Western-style clothes and in exotic costumes become customers of the restaurant of the guesthouse. Traveling with Hong Kong and Macao businessmen are some local people pretending to be Overseas Chinese. Local hippies swagger through the streets. Young painters go deep into the mountains, forests and streams with their handbarrows, set up their easels, and look for simple, natural, and charming scenes of life to purify their souls.

"It is a kind of learning to know the world well and in order to write good things, one has to know the ways of the world well." The author of the novel knows the ways of the world extremely well. What he describes is extremely lively and interesting. He narrates his story with humor in the manner of "Strange Stories Narrated in Liaozhai" and "Unofficial History of Confucian Scholars." In particular, he gives lively depictions of the beautiful scenery, the large numbers of tourists, the busy activities in the town marketplace and how Li Yanfang strokes her hair in coquetry to attract people to buy things from her and "degenerates" step by step. All the descriptions in the book are indeed lively, interesting, and humorous. The author writes the book with confidence and irony.

"What is there to fear?" She is quite at ease.

"First, these people dressed in second-hand Western-style clothes and in exotic costumes have no decent skill to set up any specialized household; second, they have no iron rice bowls of the permanently employed staff and workers; third, they have no college or technical school certificate; and fourth, they lack human nature and morality. Will any girl ever give a man of their kind true love? I talked with them merely for the purpose of helping them consume more cigarettes." As she speaks, she takes a comb out of her handbag, combs her bright hair, looks at her image in a small mirror, and puts on some make-up. Then she says to me with a smile: "Well, see you tomorrow."

Unexpectedly, the writer deviates from the norms of literary creation. What he focuses on describing is a successful girl who has become a skillful worker in tertiary industry from being a job-awaiting girl, and who degenerates and becomes a plaything of a rich man. The worship of money finally corrupts the girl who is at the best age of her life. In the author's "Chats at Danjiaqiao," which has earned him fame, the writer also deviated from the norms. Instead of writing about the prosperity of the economic reform, and instead of focusing on describing the emergence of enthusiastic new people, he rouses people to be vigilant against the despots in a small town, "Xiaoshanghaitan," who deceive customers, monopolize the market, and wantonly take advantage of the reform to make unlawful profits. In his "On the Fengjing Road," he continues to refrain from "giving only the good news but not the bad news." He creates Li Yanfang, who can easily be portrayed as a new reformer, as a special commodity in the market, and thus exposes the foolishness and harm of money worship. As soon as a woman sells her body as a commodity, money worship will eat up her soul completely. How lamentable! Every commodity can be exchanged for money, but the soul must never be sold. Today, our country is carrying out a socialist economic reform, paying attention to economic levers and economic results, and combining planned economy with the regulation of market mechanism in order to make all the people well-off. But we should not pursue money in doing everything. As a passage of a play that Marx once cited says: Pursuing money in doing everything will turn "wrong right; base, noble; old, young; coward, valiant." It will "place thieves, and give them title" and "makes the wizened widow wed again." "Damned earth (gold), thou common whore of mankind!" (Shakespeare: "Timon of Athens") Marx said: "Shakespeare gave

a wonderful description of the essence of money." Is this not enough to sound the alarm to those who pursue money in doing everything?

It is a vast world where all things strange may take place. In a year of reform, good and bad things are often confused. Narrating a small unpleasant incident in a period of great reform is, after all, a necessary thing to do, though the theme of the narration is not so important as exposing the malpractice of exploiting one's power of office to pursue one's private ends or exposing economic crimes. When people find such narration in a novel, they will be warned to be on their guard.

The novel "On the Fengjing Road" is by no means a negative book. The more earnest the writer's love, the deeper his hatred. The economic reform has filled our urban and rural areas with vitality and made the market there prosperous. He is full of joy in writing about the prosperity in the market. In his story, he describes a young painter, "Aitoue," who is good at depicting the beauty in people's souls with his art and colors. However, his description of this painter is overelaborate. The letters in the novel are too long and contain too much preaching and coincidence. This is a flaw in the book.

From "Counterfeit," and "Chats at Danjiaqiao," to "On the Fengjing Road," we see that Chao Qing, 57, a writer in Hebei who is a native of Ningbo, is displaying his artistic talents, full of his personality.

/6091

CSO: 4004/28

TABLE OF CONTENTS OF ISSUES NO 13-24, 1985

Beijing RED FLAG in Chinese No 24, 16 Dec 85 pp 43-48

[Text]

JPRS  
Issue-  
Page

DOCUMENTS

The Great Significance of the December 9th Movement--Speech  
Delivered on 9 December 1939 at a Rally in Yanan To Mark  
the Fourth Anniversary of the December 9th Movement  
(Mao Zedong)..... 23- 3

Eight Requirements for CPC Membership (March 1951)  
(Liu Shaoqi)..... 24- 3

DOCUMENTS OF THE NATIONAL CONFERENCE OF PARTY DELEGATES

Communique of the 4th Plenary Session of the 12th CPC Central  
Committee (16 September 1985)..... 19- 1

Letter From 64 Veteran Comrades Requesting To Resign as  
Members or Alternate Members of the CPC Central Committee..... 19- 3

Letter From 37 Veteran Comrades Requesting To Resign as  
Members of the CPC Central Advisory Commission..... 19- 5

Letter From 30 Veteran Comrades Requesting To Resign as  
Members of the CPC Central Discipline Inspection Commission..... 19- 7

Letter of Salutation to Comrade Ye Jianying From the 4th  
Plenary Session of the 12th CPC Central Committee..... 19- 9

Letter of Salutation to Comrade Huang Kecheng From the 4th  
Plenary Session of the 12th CPC Central Committee..... 19-12

Work Together for a Splendid Future--Opening Speech Delivered  
at the National Conference of Party Delegates (18 September  
1985)  
(Hu Yaobang)..... 19-14

Proposal of the CPC Central Committee for the Seventh 5-Year Plan for National Economic and Social Development (Adopted at the National Conference of Party Delegates on 23 September 1985).....	19-18
Explanation of the Proposal for the Seventh 5-Year Plan--Made at the National Conference of Party Delegates on 18 September 1985 (Zhao Ziyang).....	19-47
Speech at the National Conference of Party Delegates (23 September 1985) (Deng Xiaoping).....	19-54
Speech at the National Conference of Party Delegates (23 September 1985) (Chen Yun).....	19-60
Closing Speech at the National Conference of Party Delegates (23 September 1985) (Li Xiannian).....	19-65
Communique of the 5th Plenary Session of the 12th CPC Central Committee (24 September 1985).....	19-68
Speech at the Sixth Plenary Session of the CPC Central Discipline Inspection Commission (24 September 1985) (Chen Yun).....	19-70
EDITORIALS, EDITORIAL ARTICLES, COMMENTATOR'S ARTICLES	
An Historic Pioneering Action, a Grand Blueprint (RED FLAG editorial).....	19-73
Discussing the Situation, Ideals, Discipline, and Style (RED FLAG Editorial Department).....	18- 3
Some Questions on Reform of Courses in Marxist Ideological Theory (RED FLAG Editorial Department).....	23-12
Always Pay Attention To Improving Party Style (Commentator).....	14- 3
Love the Army, Support the Army (Commentator).....	16-43
Do More Solid Work To Raise the Status of Teachers (Commentator).....	17-38

The Four Basic Principles Are the Basis of All Policies (RED FLAG commentator).....	22-12
--	-------

The Whole Party Should Attach Importance to the Study of Marxist Theory (Commentator).....	24-16
--	-------

#### FORUM

Strengthen Overall Viewpoint, Control Investment Scale.....	13- 1
Make Every Effort To Guide and Protect the Youth's Healthy Growth.....	14- 1
Learn How To Analyze Situation Correctly.....	15- 1
Devote Our Energies to the Building of the Two Civilizations.....	16- 1
Strengthen Discipline From Top to Bottom.....	17- 1
Important Teaching Material for Conducting Education on Ideals and Discipline in a Deep-Going Manner.....	18- 1
It Is Necessary To Boost the Building of Spiritual Civilization.....	20- 1
Enhance Our Understanding of Reform.....	21- 1
Do a Good Job of Education in the Situation and Policies.....	22- 1
Taking the Whole Into Account, Comparing Each Other's Contributions.....	23- 1
Have a Good Grasp of Theoretical Weapons.....	24- 1

#### POLITICS

Communist Party Members Should Consciously Strengthen Their Party Spirit in the Course of Reform (Yu Qiuli).....	13- 3
A Strategic Decision on Strengthening the Building of Our Army in the New Period (Yang Dezhi).....	15- 3
It Is Necessary To Arduously Study the Basic Theory of Marxism--Gist of the Speech Delivered on 7 June 1985 to the Responsible Comrades of Organs Under the NPC Standing Committee (Peng Zhen).....	16- 3

A Number of Questions Concerning Party Rectification and Building Party Organizations (Bo Yibo).....	20- 3
Thoroughly Understand and Implement the Guidelines of the National Conference of Party Delegates and Effectively Rectify Party Style (Bo Yibo).....	22- 3
The Advancing Union of Western Europe (Chen Lemin).....	13-61
Everybody Must Keep in Mind the Aspiration of Invigorating the Nation--An Interview With Comrade Wang Zhen (Yang Fengchun, Zhu Liqun).....	14- 7
Improve and Strengthen the Party's Leadership in Enterprises (Cao Zhi).....	14-21
Speech Delivered at the Inaugural Reception of the RED FLAG Reporters' Office in Shenzhen (Xiong Fu).....	14-51
Materializing Lofty Ideals by Actual Deeds To Invigorate China--Enlightenment Gained From Comrade Luo Shanggong's Deeds (Huang Yonggui, Zhao Zhao).....	15-13
Leaders Must Make Themselves Models in Self-Criticism (Gao Zhiguo).....	16-45
Take the Road of Reform and Invigorate Xizang's Economy-- Warmly Celebrating the 20th Anniversary of the Founding of the Xizang Autonomous Region (Duojiecaidan).....	17-55
Reference Material: Xizang Autonomous Region's Achievements in Construction Over 20 Years (1965-1985).....	17-62
Great Victory of Integrating the Party's Line, Principles, and Policies With Xinjiang's Reality--Celebrating the 30th Anniversary of the Founding of the Xinjiang Uygur Autonomous Region (Wang Enmao).....	18-29
Peace, Detente, and Disarmament Accord With the Will of the People Throughout the World (Ye Ruan).....	18-41

Shouldering the Important Mission of Maintaining World Peace and Promoting International Cooperation--Commemorating the 40th Anniversary of the Founding of the United Nations (Huang Hua).....	20-31
Strengthen and Improve Ideological and Political Work in Enterprises During the New Period (Wang Fang).....	20-38
China Shares Weal and Woe With Africa (Gong Dafei).....	21-32
Do Well in Strengthening National Unity To Promote Economic Development (Liu Shusheng).....	21-40
Random Ideas About the Image of Party Cadres in the New Period (Zhao Qizheng).....	21-50
Vivid and Convincing Education in Communist Ideology-- Enlightenment From the Report Teams of PLA Heroes and Models (Zhou Keyu).....	22-48
The Tremendous Strength of Ideals (Zhang Haifeng).....	22-56
Carry Out Systematic Education To Correct the Work Style of Cadres (Yang Xizong).....	23-21
On the Land of Heroes--Notes on a Visit to Korea (RED FLAG correspondent).....	23-62
Explorations in and Contributions to Building Socialist China-- The Ideological and Theoretical Characteristics of Volume 2 of the 'Selected Works of Liu Shaoqi' (Liu Chongwen).....	24-42
IN MEMORY OF THE 40TH ANNIVERSARY OF THE VICTORY OF THE ANTI-JAPANESE WAR AND THE WORLD'S ANTIFASCIST WAR	
The History of the New 4th Army in the Anti-Japanese War (Chen Yi).....	16- 8
Strengthen the Study of the History of the Anti-Japanese War and the World's Antifascist War (Hu Qiaomu).....	18-14
Yugoslavia's Contributions to the Defeat of Fascism (G. Jovicic).....	14-45

A Beautiful Rose Which Will Be Treasured Forever--On the Television Series 'Four Generations Under the Same Roof' (Cao Yu).....	16-27
The Position of and Role Played by China's Anti-Japanese War in the World Antifascist War (Qi Shirong).....	17- 6
Several Questions Concerning the Anti-Japanese National United Front (Pang Xianzhi, Feng Hui).....	17-16
A Patriotic Song Which Will Go Down in the Annals of History (Yan Shihong).....	17-31

#### IDEOLOGICAL COMMENTARY

Doing Work in Advance To Prevent Contradictions From Intensifying (Zhu Yan).....	15-39
Tell the Truth; Do Not Tell Lies (Zheng Weizhang).....	18-64
The Basis for the Long-Term Stability of Literature and Art Policy Is the Four Basic Principles (Shi Youxin).....	21-23

#### ECONOMICS

The Viewpoint of Integrating Management of Grass With That of Livestock and the Reform of the Grassland Animal Husbandry Economy--Practice and Some Understanding of the 'Grass and Livestock Double Contract System' (Zhou Hui).....	13-18
State Commerce Should Take an Active Part in Market Regulation (Jing Ping).....	13-31
Open the City Gates Wide, Give Full Play to the Role of Cities (An Zhiwen).....	14-30
A Tentative Discourse on Manufactured Goods Trade Centers (Wan Dianwu).....	14-37
Ma Shengli, a Good Plant Director Who Always Keeps in Mind the Interests of the State and People (Zhang Moyuan, Peng Zhankui, Wu Shishen).....	15-26

Curb Irrational Charges, Lighten the Peasants' Burden (Jing Ping).....	15-50
Changes in Exchange Rates and Their Impact on the Economy (Wu Nianlu).....	15-58
Speeding Funds Turnover, Raising the Efficiency of Funds Use (Wei Xinghua, Wu Shuqing).....	16-59
On Controlling the Scale of Investment in Fixed Assets (Wei Liqun).....	17-64
Socialist Production Relations Should Be Able To Promote the Development of the Productive Forces (Xue Muqiao).....	18-46
Strengthen Macro Control (Jing Ping).....	18-56
Important Changes in the Work of Planning (Song Ping).....	19-79
Correctly Understand and Handle the Relationship Between Reform and Construction (Yuan Mu, Zhang Guangrui).....	20-12
On the Basic Balance Between Total Demand and Total Supply in Society (Gui Shiyong).....	20-20
Attention Must Be Paid To Forming a Good Style in the Running of Factories (Zhou Guanwu).....	20-54
Make Further Efforts To Invigorate Large and Medium Enterprises (Lu Dong).....	21- 3
Shijiazhuang's Comprehensive Reform of the 'Collision and Rebound' Type (Jia Ran).....	21- 9
Bring Into Full Play the Functions of Banks in Controlling and Regulating the Macroeconomy (Chen Muhua).....	22-21
It Is Imperative That the Development of Tertiary Industry Be Accelerated (He Guilin).....	23-30

Speed Up Technological Transformation, Rejuvenate Old Industrial Bases (Li Buixian).....	24-32
---	-------

Cities in Charge of County Administration Should Strengthen Leadership Over Rural Work (Jing Ping).....	24-54
--	-------

#### WORK RESEARCH

A Study of the Reform of the Urban Construction Structure (Li Mengbai, Zhang Yuanduan).....	15-53
--	-------

Setting Up and Strengthening Socialized Services Systems in the Rural Areas (Wang Xinglong).....	16-65
---	-------

Arouse Enterprises' Enthusiasm for Internal Accumulation (He Yubo).....	18-59
--	-------

How Is the Monetary Lever To Be Applied in Exercising Effective Macro Control? (Zhou Taihe, Zhan Wu).....	22-31
--	-------

#### INVESTIGATION REPORTS

Investigation of Economic Work in Jiangsu Province (Han Peixin).....	13-26
---	-------

Survey Report: How Haian County Readjusted Its Internal Agricultural Structure (Chen Yi, Yin Zheng).....	16-69
---	-------

Integrate Ideological and Political Work With Routine Professional Work--A Survey Carried Out in the Shoudu Iron and Steel Corporation (Ma Zhongyang).....	20-44
---	-------

A Good Start, Useful Enlightenment--An Investigation on How Suzhou City Is Readjusting the Rural Production Structure (Gu Xiulian).....	23-37
--	-------

Turning Out High-Quality Products Is the Bounden Duty of Enterprises--A Review of the Changzhou Diesel Engine Plant Improving Product Quality (Chen Xiaomei).....	24-57
--	-------

## PHILOSOPHY AND HISTORY

Learn From Revolutionary Martyrs, Preserve Communist Purity-- Cherishing the Memory of Martyrs Zhang Wenjin, Wu Zuyi, and Mao Chuxiong (Li Xiannian).....	17- 3
Being Concerned With Actual Practice and Blazing New Trails-- Some Understanding Gained From the Study of Comrade Chen Yun's Economic and Financial Thought (Zuo Chuntai).....	13-10
Futurology and the Study of the Future (Sheng Hengyan).....	13-52
Engels on the Essence and Application of Marxism--In Memory of the 90th Anniversary of the Death of Engels (Jin Qingmin).....	15-18
Be Persistently Loyal To and Profoundly Affectionate Toward Communism--Marking the 85th Anniversary of the Birth of My Teacher, Comrade Wentian (Deng Liqun).....	16-30
Some Comments Deriving From the Turning About of a Big Ship (An Qihong).....	20-78
A Great Pioneer in the Chinese Workers' Movement-- Commemorating the Birth Centenary of Comrade Su Zhaozheng (Zhuhai City CPC Committee).....	21-44
Economic Policies and Education About Communist Ideas in the Course of Reform (Xu Hongwu).....	21-55
Some Understanding on Methods of Leadership (Cui Naifu).....	22-66
A Tentative Discussion on the Transformation and Inheritance of Ideas (Liu Chunjian, Yuan Xunzhong).....	22-71
How Should We Look at Freedom? (Sima Zhe).....	23-44
White-Haired Old Men on the December 9th Movement (Sun Sibai).....	23-54
Let Ideals Strike Roots in Practical Soil--The Rise of Gongqing City and Its Enlightenment for Us (Gan Xuan).....	24-65

## SCIENCE AND EDUCATION

Embark on a New Road of Educational Reform and Development (Gong Yuzhi).....	13-35
Why Should We Make Great Efforts To Develop Vocational and Technical Education? (Tan Shaowen).....	13-45
The Panzhihua Spirit and Education in Ideals (Jiang Xia).....	14-11
A 'Single-Plank Bridge' and Many Avenues--Notes on Education (Miao Zuobin).....	14-54
Ecological Balance and Environmental Protection (Zhou Fuxiang).....	14-63
Doing Our Utmost To Strengthen Basic Education (Sun Han).....	15-42
On Commercializing Technological Results (Fang Gongwen).....	16-48
Meticulously Organize Our 'Work' in the Reform of the Educational System (Hong Dongchang).....	22-40
Strengthen Leadership and Do a Better Job in Importing Technology (Zhang Aiping).....	24- 6

## IN MEMORY OF TEACHERS' DAY

Treasure the Unprecedentedly Joyous Festival in Our Country (Su Buqing).....	17-42
My Teaching Experience (Wang Li).....	17-44
Constantly Make Explorations in the Course of Teaching (Duan Lipei).....	17-46
Strive To Do a Good Job in Educational Reform (Ma Xinlan).....	17-49
Everything for the Children (Huang Wenao).....	17-52
Thoughts on Teachers' Day (Zhong Jingwen).....	18-18

The Historical Responsibility of Middle-Aged Teachers (Lu Longxiang).....	18-21
Be Ever Loyal to the People's Educational Cause (Xu Yi).....	18-24
Act as a Torch Kindling the Flames of Ideals in Children and Youths (Hua Yaoguo).....	18-26

#### YOUTH COLUMN

Why They Can Open the Hearts of Hundreds of Thousands of Young Students (Fang En, Yan Fushun).....	14-17
Questions and Answers Concerning the Work-Study Program (Jiang Xiaoyu).....	17-74
The Choice of Youth (Zhang Guoping).....	21-63
Ideals Glitter in the Border Areas of the Motherland (Zeng Sheng).....	21-66
For the Well-Being of 1 Billion People (Zhou Shenhui).....	21-68

#### LITERATURE AND ARTS

The Whirling Currents of Life Highlight the Poetic Sentiments of the Times (Huang Shixian).....	13-80
Study the Patterns of the Art of Dance, Revitalize Nationality Dance Culture (Jia Zuoguang).....	14-59
Literature With Military Themes on the Upsurge (Han Ruiting).....	15-76
On the Further Prosperity of Socialist Literature and Art (He Jingzhi).....	20-58
Further Ideas on Boosting Drama (Lu Xifan).....	20-62
Freedom of Creation in the People's Activities To Create History (Wei Jianlin).....	21-16

Strive To Bring Prosperity to the Music and Dance Arts (Li Changan).....	21-26
Music Should Raise People's Spiritual Level (Zheng Bonong).....	22-61
Some Questions in Current Literary Work (Wang Meng).....	24-25

#### REVIEWS ON NEW LITERARY WORKS

A Painful Choice Between Human Feelings and Principles--After Reading the Novelette 'The Reclaimed Land' (Li Xia).....	13-86
The 'Fire of Kunlun' Is Burning in Their Hearts--Reading Notes on 'Ah, Kunlun Shan!' (Wang Yu).....	14-85
Ripening in a Bumper Harvest Season--On Reading 'May' by Tian Zhonghe (Zhang Shishan).....	15-82
Whoever Wants To Enter Paradise Must Brave the Journey Into the Inferno--A Brief Critique on 'The Door of Paradise' (Zhang Zhizhong).....	16-87
Huang He, You Have Taken Another Turn After All (Lin Wenshan).....	17-89
Pondering Over the Revolutionary History of the Peasants--On Reading the Novel 'Great Earth' (Guo Rui).....	18-82
A New Flower in Historical Literature--Pleasantly Reading 'Fragrant Grass Beneath the Setting Sun,' the First Volume of the Novel 'Willows by the White Gate' (Zhang Lei).....	20-84
The Unique Image of a Mother--Talking About the Novel 'Mother' (Wu Songting).....	21-84
A Call for Abundance and Civilization--Reading 'A Record of Sangshuping' (Qi Liwu).....	22-87
Her Perplexity Should Set the Whole Society Thinking--Reviewing the Teleplay 'A Person Called Xu Shuxian' (Zhong Yibing).....	23-80

News Abounds in Small Towns--Reading 'On the Fengjing Road,' a Medium-Length Novel by Chao Qing (Yan Gang).....	24-74
---	-------

#### NEW CHATS

'Light a Fire' and 'Collect Firewood' (Gao Zhanxiang).....	13-66
Never Bring Shortcomings Into Play While Discarding Strong Points (Zhang Kaiji).....	14-71
On 'The Hindsight of a Zhu Geliang' (Shen Yingxuan).....	15-65
An Official Teacher's Breadth of Vision (Yang Liuxie).....	16-77
The Binding Duty of an Editor (Hua Long).....	17-72
Grasping Major Issues, Grasping Minor Issues (Mi Bohua).....	18-67
A Point of Enlightenment in our Ideological and Political Work (Hou Gu).....	20-76
Do Not Work Bo Le to Death (Wu Hao).....	21-71
A Tentative Talk on Reform and Profit-Making (Jiang Yuanming).....	22-75
Random Talk on the 'Test of Old Age' (Shi Fei).....	23-60
Three Questions on Seeking Truth From Facts (Cao Meng).....	24-72

#### CADRES' THEORETICAL STUDIES

A Year of Regularization in Theoretical Education for Cadres (Li Ju).....	14-76
Reform Teaching, Strengthening Theoretical Education on Marxism in Institutions of Higher Learning (Lu Zhichao).....	18-70
A Tentative Program on Reforming the Teaching of the Marxist Theoretical Courses (Beijing University CPC Committee).....	21-73

Ideals Are the Spiritual Mainstay of Life (Wei Yingmin).....	23-66
---	-------

# DISCUSSION ON REFORMING THE TEACHING OF POLITICAL ECONOMICS (SECTION ON SOCIALISM)

Increase the Chinese Characteristics in Our Economic Teaching Materials (Liu Shibei).....	13-68
Some Ideas on the System of Socialist Political Economy (Li Yining).....	13-72
Several Questions Deserving Attention Regarding Methodology in Compilation of Teaching Materials (Yang Shiwang).....	14-79
Do Not Proceed From Definitions in Expounding Economic Laws (Gong Xikui).....	14-82
Also on the Question of the Main Line and the Range of Starting Points for Teaching Materials (Liu Guibin).....	15-69
My Opinions on the Starting Point and Principal Idea (Yu Taosheng).....	15-73
Some Views on Improving Teaching (Zeng Qixian).....	16-82
The Theoretical Significance of Appropriately Separating Proprietary Rights and Operating Rights (Zhu Guanghua).....	17-82
It Is Imperative To Blaze New Trails (Liang Song).....	17-86
Roundup of the Discussion Concerning the Reform of the Teaching of Political Economics (Socialist Section) (RED FLAG Theoretical Education Editorial Office).....	18-77

## QUESTIONS AND ANSWERS

Why Do We Say That Investment in Education Is the Kind of Investment Which Brings the Greatest Return? (Lin Zhiwo).....	13-77
Answers to Questions: Why Do We Say Speeding Up Technological Transformation of Existing Enterprises Is an Important Strategic Guideline? (Lin Zongtang).....	14-73

Answer to Questions: Can the Theory on Value of Knowledge Replace the Theory on Value of Labor? (Yan Cheng).....	15-67
Answers to Questions: Why the Principle of Commodity Exchange Cannot Be Allowed To Invade Inner-Party Political Life (Liu Peng).....	16-79
What Is Education Legislation and Why Is It Necessary To Have Education Legislation? (Chen Yunsheng).....	17-78
Why Is It Said That the Task of Bringing About a Fundamental Turn for the Better in the State's Financial and Economic Conditions Has Been Basically Fulfilled? (Wang Chunzheng).....	20-65
Why Is the Target of the Economic Growth Rate in the Seventh 5-Year Plan Set Lower Than That in the Sixth 5-Year Plan? (Wei Liqun).....	20-69
What Are the Differences Between the Indicator of the Gross National Product and the Indicator of the Total Output Value of Industry and Agriculture? (Zheng Hongqing).....	20-73
What Adjustments Should Be Made in Consumer Goods Production To Suit Changes in the Consumption Structure in the Seventh 5-Year Plan Period? (Hong Jiahe, Yu Weidong).....	21-78
Why Do We Say That the Development of Tertiary Industry Is an Important Indicator of Economic Modernization? (Bai Zhongyao).....	21-81
Why Is It Necessary To Expand the Scope of Regulation by the Market Mechanism in the Rural Areas? (Ding Shengjun).....	22-77
Why Do We Say That State Commerce Participation in Regulation by the Market Mechanism Is an Important Feature of Planned Commodity Economy? (Wang Dianwu).....	22-80
Why Is It Necessary in the Management of Enterprises To Move Toward Mainly Using Indirect Controls? (Yi Jie).....	22-82
What Is the Relationship Between the Balance of the General Demand and Supply and the Balance of Finance, Credit, Goods and Materials, and Foreign Exchange? (Tian Jianghai).....	23-71

Why Is It Necessary To Make the Building Industry the Support Industry of the National Economy? (Hu Yingying).....	23-75
--	-------

#### BOOK REVIEWS

Reviewing 'Exploring the Road of Economic Construction' (Wei Yunhe).....	14-87
A Book Which Faithfully Records Mayor Chen Yi's Administrative Achievements--'A Man and a City' (Zhang Yanmin).....	15-85
On Reading 'A Random Chat on Capitalism and Socialism' (Shu Lin).....	16-90
Study the Strategy for Economic Development From the Angle of the Economic Structure--Reading 'On Ways To Deal With the Economic Structure' (Chen Shengchang).....	17-92
Study Some Marxist Party Theory--Recommending 'An Outline of Marxist Party Theory' (Su Caiqing, Dai Guangtian).....	18-85
The Record of the Successes of Socialism in China--An Introduction to the Book 'The Dissemination and Practice of Socialism in China' (Wang Shiyi).....	20-86
A True Record of Guangzhou's Reform and Opening Up--An Introduction to 'The New Guangzhou in the Course of Reform and Opening Up' (Ma Jinrong).....	20-82
A Good Book Publicizing the Theory of Party Building (Zhang Hanru).....	22-89
Learn Leadership Science, Improve Leadership Arts--Reviewing 'Fundamentals of Leadership Science' (Dun Zhanmin).....	24-94

#### READERS, AUTHORS, EDITORS

Some Opinions on a Book Review (Yang Heming).....	13-89
The 'Three Major Discoveries' and Marxist Philosophy (Xu Jianyi).....	21-86

SUMMARIES OF PUBLICATIONS AND ARTICLES OF THE  
PARTY COMMITTEES OF VARIOUS LOCALITIES

One Aim, Two Roles.....	14- 6
Spiritual Products Should Be Beneficial to the Building of Spiritual Civilization (Jiao Xuedai).....	22-85

MISCELLANEOUS

Implement the Spirit of the National Conference of Party Delegates and Run RED FLAG Even Better (RED FLAG correspondent).....	23-78
---	-------

/6091

CSO: 4004/30

LEARN LEADERSHIP SCIENCE, IMPROVE LEADERSHIP ARTS--REVIEWING 'FUNDAMENTALS OF LEADERSHIP SCIENCE'

Beijing RED FLAG in Chinese No 24, 16 Dec 85 inside back cover

[Article by Dun Zhanmin [7319 0594 3046]]

[Text] The era is calling to tens of millions of leaders of the current age: "Realize the four modernizations." To be a modern leader, one must know modern leadership science. The book "Fundamentals of Leadership Science," compiled by Comrade Xia Yulong and others, was published in May 1983 by the Guangxi People's Publishing House and was reprinted in July this year. The book made a vivid narration of the fundamental knowledge of modern leadership science from the integration of theory and reality. The revised text is full of the new experiences gained in the course of the reform and there was improvement in the contents and structure of the first edition. Its publication is not only beneficial to the founding of a leadership science with Chinese characteristics but also helpful to promoting the study of leadership science by cadres and to improving the leadership arts. The book has the following special features:

First, it has new and unique contents and fits in with actual circumstances. The author placed the study of modern leadership science importantly on the foundation of practice. He organically integrated the deepening of our country's practical experiences in revolution and construction with absorption of the rational inner core of foreign management work, forcing a close link with the actual needs of reform and the modernization program. As a result, the book's presentation of a series of theories and methods on leadership science is not of the conventional pattern and at the same time not at all pompous, but makes people feel its new and unique character and its conformity with actual circumstances. The seven basic principles of modern management and methods of scientific policy-making are principally new concepts derived from refining foreign experiences in management work, making people feel them to be new but not exactly foreign and making the reader open up his vision and feel their actual usefulness. For example, the book makes a fairly clear elucidation of the relationship between the "tenet of system" and the correct handling of the part and the whole under a new situation, the relationship between the tenet of "whole, part, and combination" and the correct handling of division of work and cooperation, and the "basic theories and methods of scientific decisionmaking" as related to

leadership at various levels in their enforcing of correct policies. Investigation and research have been our old tradition. Regarding them, the book not only stresses the necessity of displaying the superior traditions of investigation and research and thoroughly explains the special features of the socialization and scientification of investigation and research under modern conditions but also emphasizes the role of statistical measures such as forecasting, public opinion canvassing, and employment of electronic computers in modern investigation and research. This gives a new interpretation on this superior tradition of investigation and research.

Second, the book explains the profound in simple terms, being brief and concise. Explanation of this new and comprehensive study of leadership science naturally requires an extensive knowledge of the natural sciences and social sciences and touches on how to make this new course of study and the knowledge gladly accepted, and not feared, by the vast masses of cadres. In this regard, the author employs brief, concise and vivid illustrations and comprehensive terms to suitably perform the task. For example, in the elucidation of the "feedback principle," simultaneously with briefly explaining the concept, it is accompanied by a vivid illustration of "breathing in the fresh air of oxygen and breathing out carbon dioxide," in this way linking explanation with the commonly known knowledge of the populace. It explains that the "feedback principle" is the implementation and manifestation in modern management of the principle of putting standards to practice. This gives the reader a feeling of closeness and intimacy and enables the cadres in general to absorb it after reading and know how to put it to good use.

Third, it arouses people's deep thoughts and encourages people to struggle for advancement. Its presentation of the four stages of development of the leadership structure makes people willingly believe that conversion of leadership which leans on experience in small-scale production to modern scientific leadership is an objective law that cannot be violated. Each and every leader should willingly abide by this objective law and consciously carry out the transformation of leadership style and leadership methods. After reading the book's narration of the instances of the rise and fall of the Ford Motor Car Company and the closing down of the Hengshui Iron Smelting Plant which suffered huge losses through failing to follow the track of the policies, we have deeply felt that we should no longer continue to suffer from the harm of staunchly following the old leadership methods and old leadership style and that we should learn, as soon as possible, leadership science well and improve leadership arts.

Socialist leadership science formed from the actual practice in socialist modernized large-scale production in our country is a newly rising branch of learning which is built on the foundation of Marxism and absorbs the beneficial methods of modern leadership science. As a special volume on leadership science, the book has deficiencies both in form and in content and needs to be supplemented, enriched, and developed by the author and comrades interested in the study of leadership science. In particular, it must be pointed out that despite the claim of comrades engaged in leadership work that it is essential to grasp leadership science, it cannot by any means replace learning the basic theories of Marxism.

/6091

CSO: 4004/28

END